3.1 PERFORMANCE MEASUREMENT SYSTEM AT SBI

During interviews with the experts and officers of SBI, it is observed that Balanced Scorecard is not used for measuring employees' performance but 'Performance Appraisal System' / 'Performance Review System' is used to measure the performance. Performance is measured as per the budgeted targets allocated to the respective officials. In the beginning of the financial year w.e.f. 1st April, budgeted targets are allocated by the controller office to the units. Sub targets are allocated to the officers in the unit. The performance is monitored on the basis of monthly achievement, six monthly basis and at the end of the year to check achievements and areas of improvement.

3.1.1 Usage of ‘Performance Review System’ in Measuring Employees’ Performance

During performance measurement, the annual budgeted targets are divided into 12 sub monthly targets and monitoring is done. The work of Performance Review System is explained through Annual Appraisal Report (AAR) FORM V in Annexure - IX.

Assignment Appraisal Report (AAR) FORM V presents the rating on the basis of Performance Appraisal dimensions i.e. business performance / Key Responsibility Areas (KRAs), Qualitative aspects, Attitude based appraisal and General comments, which are prepared by Reporting Authority i.e. the immediate boss of the employee and given to the Reviewing authority i.e. who reviews the performance of employee on the basis of report given by the Reporting authority.

In the Assignment Appraisal Report (AAR form V), Name of the Officer, Grade/ Scale, branch where working, self appraisal report received and its cognizance taken of by the officer concerned are specified. Rating involves
100 points in all. The description of Performance Measurement is described in detail:

A. Business Performance / Key Responsibility Areas (KRAs)

The parameter includes quantitative terms used to measure employees' performance. The parameter dominates Financial Perspective, thus checks the contribution of employee in terms of financial aspects in the branch concerned. It includes 8 items i.e. four items of deposits for the target and four items of advances for the target to be achieved by the employee concerned. The description of this parameter is shown in detail in Assignment Appraisal Report Form III in Annexure - VII.

Weights Assigned:

40 points are assigned to business performance. Here an example of Branch Manager is taken to clarify the concept of Performance Measurement System. Branch manager was interviewed to know the measurement system.

Target:

Business performance includes:

A.1 Deposits Related Performance

Rs. 20 crore (PB deposits), Rs. 5 crore (C and I deposits), Rs. 1 crore (Agricultural Deposits) and Rs. 1 crore (SIB deposits).

Average of aggregate deposits related performance is Rs. 6.75 crores.

A.2 Advances Related Performance

Rs. 5 crores (PB advances), Rs. 2 crore (C and I advances), Rs. 3 crore (agricultural advances) and Rs. 2.5 crore (SIB Advances).

Average of aggregate advances related performance is Rs. 3.125 crores.

Measure

Officer who is being appraised has the record relating to his own appraisal and he fills the form. This data is provided to the Reporting Authority by him and Reviewing authority receives the same from Reporting authority and checks the details of the form.
Achievement

The different key responsibility area (KRAs) achieved and their performance is discussed with the immediate boss during monthly ‘Performance Report’, six monthly report and ‘Annual Appraisal Report’ by the officers concerned.

It was observed that:

A.1 Deposits Related Performance

Rs. 18.5 crore PB deposits, Rs. 4.8 crore C and I deposits, Rs. 1 crore agricultural deposits and Rs. 1 crore SIB deposits. Achievement on average basis for deposits is Rs. 6.325 crore.

A.2 Advances Related Performance

Reporting of Rs. 4.7 crore PB advances, Rs. 2 crore C and I advances, Rs. 2.95 crore aggregated advances and Rs. 2.5 crore SIB advances. Average achievement on advances is Rs. 3.0375 crore.

Overall Assessment of performance

The employee gets ‘Excellent’ remarks if he gets 31 to 40 marks, assigned ‘Good’ performance if he gets marks between 21 to 30, assigned ‘Above average’, if he gets marks between 11 to 20 and ‘poor performance’, if he gets 10 marks or below it.

3.1.2 Measurement of Employees’ Performance for Business Performance Parameter in State Bank of India

On an average basis, deposits from business performance are Rs. 6.325 crore against Rs. 6.75 crore and Rs. 3.0375 crore of advances against Rs. 3.125 crore of advances. It depicts the gap in performance. Personal Banking (PB) deposits, Commercial and Institutional (C and I) deposits, agricultural deposits, Small Industries Business (SIB) deposits, PB advances, C and I advances, agricultural advances and SIB advances are assigned 5 points for each dimension discussed.

It is required to make an improvement by the employee for business performance parameter. As the target is not achieved fully, the employee gets
3 points for each item in Business Performance dimension securing 24 points in total out of 40 points. The employee stands for ‘Good performance’.

B. Qualitative Aspects of Performance

The parameter includes qualitative terms used to measure employees’ performance. It includes 7 categories.

Weights: It includes 20 points and included in AAR form III in Annexure - VII.

The seven categories of Qualitative Aspects of Performance are described in detail:

B.1 Housekeeping- maximum 3 points

The term denotes capability to organize the functions to be performed.

a) 3 points are to be assigned if the employee organizes the matters efficiently.

b) 2 points are to be given to the employee if he delivers the output as per the requirements on targets.

c) 1 point is to be given to the employee if he requires improvement for better results.

d) 0.5 points are assigned if he needs regular monitoring.

B.2 Inspection and Audit Rating- maximum 2 points

The item to be measured include Regional Manager, Deputy General Manager, General Manager and Managers of division and Branch manager. Rating is done for branches maintained, upgraded or downgraded. Maximum 2 points are to be given.

Further to give 2 points, criteria is involved i.e.

a) 2 marks if total number of branches upgraded/ maintained during the year is more than 90% of number of branches inspected.

b) 1 mark if total number of branches upgraded/ maintained during the year is more than 70% of number of branches inspected.

c) 0 or no marks if total number of branches upgraded/ maintained during the year is less than 70% of number of branches inspected.
B.3 Customer Service (including disposal of complaints etc.) – maximum 3 points

The item emphasizes on Customer Perspective to highlight customer satisfaction from bank and the employees’ performance.

a) 3 points are given if he solve problems at first attempt efficiently, is trend setter and customer is happy.

b) 2 points, if he functionally, solves problems, follows standards and customer is satisfied.

B.4 Submission of returns and quality and promptness of correspondence– maximum 3 points

a) 3 points if employee is consistency prompt and perfect.

b) 2 points if employee is mostly on time and reasonably perfect.

c) 1 point if employee submits returns but not always prompt.

d) 0.5 points if employee should improve in the area concerned.

B.5 Appraisal, Supervision and follow up of Credit– maximum 3 points

a) 3 points if employee is always on time and no delays in appraisal, supervision and follow-up.

a) 2 points if employee needs to plan.

b) 1 point if employee completes task on time but in the last minute.

c) 0.5 points if employee lags behind. He does not complete tasks without pressure.

B.6 Industrial Relations – maximum 3 points

The parameter relates to relations of the employee with peers and other people.

a) 3 points if employee is excellent in people management.

b) 2 points if employee is efficient in managing subordinates but needs to address people relates issues.

c) 1 point if employee needs to builds skills to learn people management.

d) 0.5 points if employee needs people orientation.
B.7 Attitude towards SCs/STs/Weaker Section of Society- maximum 3 points

The parameter is added into Performance Measurement System to consider weaker sections of the society.

a) 3 points if employee retains excellent attitudes.

b) 2 points if employee retains behaviour of a very high order.

c) 1 point if employee retains behaviour of high order.

d) 0.5 points if employee has satisfactory behaviour.

For the purpose of rating, the period commencing from 2 months after the take over and up to 2 months after handling over the chair will be reckoned in normal circumstances. However, the reporting authority take into account, special circumstances, if any.

Overall Assessment of Performance for Qualitative Aspects of Performance

After allocating and assigning the marks, the overall performance is to be assessed, for which the employee assessment is stated i.e. 'Excellent' if employee is getting marks between 16 to 20, 'good' performance is remarked, if employee is getting a total between 11 to 15 points, 'above average', if marks between 6 to 10 points and 'poor' performance is recorded, if employee get 5 points and below.

Achievement

Employee received the points for all the 7 items of 'Qualitative Aspects of Performance'.

a) 2 points for category I 'Housekeeping'.

b) 2 points for category II 'Inspection and Audit Rating'.

c) 2 points for category III 'Customer Service'.

d) 2 points for category IV 'Submission of Returns and Quality and Promptness of Correspondence'.

e) 2 points for category V 'Appraisal, Supervision and Follow-up of Credit'.

f) 3 points for category VI 'Industrial relations'.
g) 3 points for category VII ‘Attitude Towards SCs/ STs? Weaker sections of Society’.

Overall, the employee (Branch manager) gets 16 points out of 20 points.

**Measurement of Employees’ performance for qualitative aspects of performance**

Employee gets 16 points against 20 points. He gets maximum points for category II, category VI and category VII only. For other categories he gets 2 points. He gives excellent performance as overall assessment being marked between 16 to 20 points.

**C. Attributes based Appraisal**

This is the appraisal related to attributes of the employee towards the job/ work. Assignment Appraisal Report (AAR) form IV is available for the same. There are 10 categories for the dimension.

**Weights:** The aspect includes maximum 20 points.

**C.1 Knowledge of Work procedures, rules and regulations- maximum 2 points**

- **a)** 2 points if employee has accuracy in work.
- **b)** 1.5 points if employee has adequate knowledge and involves reasonable accuracy.
- **c)** 1 point if employee has limited knowledge and he is prone to inaccuracy in work procedures.
- **d)** 0.5 points if he needs improvement.

**C.2 Control and Supervision- maximum 2 points**

- **a)** 2 points if employee is highly capable and self driven.
- **b)** 1.5 points if employee is capable and does the needful.
- **c)** 1 point if employee handles responsibility under direction.
- **d)** 0.5 points if employee needs constant instructions.

**C.3 Decision making Skills- maximum 2 points**

The parameter measures decision making capabilities of the employee.
a) 2 points if employee can be counted on to make excellent choices and informed decisions.
b) 1.5 points if employee considers a range of alternatives as part of decision making process.
c) 1 point if employee needs to improve ability to make decisions under pressure.
d) 0.5 points if employee does not make decision in a timely fashion.

C.4 Diligence- maximum 2 points

The parameter involves the concentration of employee on targets and goals (personal and organizational).

a) 2 points if he is perfect in relating personal goals with organizational goals.
b) 1.5 points if employee can achieve challenging tasks, he is aware of organizational goals.
c) 1.0 point if employee needs to be motivated and not clear on personal goals and organizational goals.
d) 0.5 points if employee needs to be monitored to handle challenge.

C.5 Sincerity, Honesty and Integrity- maximum 2 points

The parameter relates to sincerity, honesty and integrity of the employees.

a) 2 points, if employee is beyond doubt.
b) 0 point, if there is any charge-sheet issued, penalty imposed, complaints of a ‘vigilance’ nature’.

c.6 Understanding and awareness of Environment- maximum 2 points

The parameter relates to awareness and understanding level of the environment and outside world.

a) 2 points if employee is highly aware.
b) 1.5 points if employee is adequately informed.
c) 1 point if employee is not well aware.
d) 0.5 points if employee does not keep in touch with the outside world.
C.7 Sociability, Public Relations and Image Building

The parameter signifies efforts made by the employee for social interaction and in developing public relations.

a) 2 points will be given if employee allocates considerable time in branding and promotion and is sought after by customers.

b) 1.5 points are given if the employee makes efforts in an effective form and is known to the customers.

c) 1.0 point is given if employee spends need based time with customer and is relationship oriented.

d) 0.5 points if employee should work on customer relationship skills.

C.8. Marketing Ability- maximum 2 points

The parameter measuring employees' performance relates to ability of the employee relating to marketing. The aspect is dominating Internal business process perspective.

a) 2.0 points, an employee gets if he is very knowledgeable and able to assess and develop strategies.

b) 1.5 points, if employee has adequate knowledge and can foresee market trends.

c) 1.0 point if employee has limited knowledge and needs to develop strategy skills.

d) 0.5 points if employee needs to learn and improve skills in this aspect.

C.9. Ability to Appraise Business- maximum 2 points

The parameter measuring employees' performance signs to measure ability to evaluate the business done by employee, as per the targets given to him.

a) 2 points if employee is thorough in analysis, provides proper details and recommendations and enable results.

b) 1.5 points if employee is effective in understanding, reports adequately and enables communication.

c) 1 point if employee does not avoid problems and reports relevant data.

d) 0.5 points if employee needs guidance and support in facing problem situations.
C.10 Ability to Appraise and Develop Juniors - maximum 2 points

This parameter measuring employees' performance is measuring the ability of the employee to evaluate the juniors and developing them in the form required.

a) 2 points if employee gives excellent guidance and support.
b) 1.5 points if employee provides guidance and support on need basis.
c) 1.0 point if employee is limited in constructive interaction with subordinates.
d) 0.5 points if employee is indifferent to subordinate's development and need orientation.

Overall Assessment of Performance for Attributes Based Appraisal

After allocating and assigning the marks, the overall performance is to be assessed, for which the employee assessment is stated i.e. 'Excellent' if employee is getting marks between 16 to 20, 'good' performance is remarked, if employee is getting a total between 11 to 15 points, 'above average', if marks between 6 to 10 points and 'poor' performance is recorded, if employee get 5 points and below.

Achievement

Regarding 'Attributes Based Appraisal', employee gets

a) 1.5 points for 'Knowledge of Work Procedures, Rules and Regulations'
b) 2 points for 'Control and Supervision'
c) 2 points for 'Decision making skills'
d) 2 points for 'Diligence'
e) 2 points for 'Sincerity, honesty and integrity'
f) 1.5 points for 'Understanding and awareness of environment' 
g) 1.5 points for 'Sociability, public relations and image building'
h) 1.5 points for 'Marketing ability'
i) 1.5 points for 'Ability to appraise business'
j) 1.5 points for 'Ability to appraise and develop juniors'
Measurement of Employees’ Performance for ‘Attributes based Appraisal’ Parameter

Employee has done best for the dimensions 2 to 5. He needs to achieve maximum points for dimensions ‘knowledge of work procedures, rules and regulations’, ‘understanding and awareness of environment’, ‘sociability, public relations and image building’, ‘marketing ability’, ‘ability to appraise business’ and ‘ability to appraise and develop juniors’.

Employee got 17 points against 20 points. He has excellent performance as overall assessment being marked between 16 to 20 points.

D. General Comments (Strengths, potential and suitability for promotion)

The parameter ‘General Comments’ for the employee for his strengths, potential and suitability for promotion. The dimension includes 7 categories and dominates Learning and Growth Perspective. The Assignment appraisal report (AAR) form IV is continued for the same and is available in Annexure – VIII.

Weights: The general comments parameter includes 20 points in all.

D.1 Adaptability to Change- maximum 3 points
a) 3 points if employee is able to take on new tasks and responsibilities when necessary.

b) 2 points if employee demonstrates flexibility in adaptability to change.

b) 1 point if employee should be more willing to accept new assignments.

d) 0.5 points if employee is unwilling to try new methods or assignments.

D.2 Aptitude and Competence- maximum 3 points
a) 3 points if employee devotes a great deal of time in updating job.

b) 2 points if employee attends programs to improve capabilities and skills.

c) 1 point if employee should improve skills in specialized areas.

d) 0.5 points if employee does not use ability to the most.
D.3 Administrative Skills- maximum 3 points
a) 3 points if employee demonstrates leadership capacity.
b) 2 points if employee keeps management informed of administrative accomplishment and goals.
c) 1 point if he needs to be more proactive in anticipating issues or conflicts.
d) 0.5 points if he is unwilling to contribute to organization wide administrative improvement.

D.4 Leadership Skills- maximum 3 points
a) 3 points if employee builds high morale and spirit among staff.
b) 2 points if employee demonstrates willingness to lead.

D.5 Organizational Skills- maximum 3 points
a) 3 points if employee is well organized and prepared for any eventuality.
b) 2 points if employee is able to prioritize in perspective when emergencies arise.
c) 1 point if he needs to be prepared for emergencies and changes.
d) 0.5 points if he does not handle emergencies or unexpected circumstances well.

D.6 Cooperation and Team Work Skills- maximum 2 points
a) 2 points if employee can be depended upon to act professionally and appropriately in any situation.
b) 1.5 points if he handles feedback well and makes corrections quickly and willingly.
c) 1 point if he needs to accept responsibility for actions and decisions of subordinates.
d) 0.5 points if employee does not handle criticism well.

D.7 Capability to move to a higher position- maximum 3 points
a) 3 points if employee has proven abilities in goal orientation and subordinates' grooming.
b) 2 points if employee assists others in coping with difficult situations and challenges.
c) 1 points if he needs to be proactive in dealing with tasks.
d) 0.5 points if he needs to address the gap between existing skills and senior position requirements.

**Overall Assessment of performance**

After allocating and assigning the marks, the overall performance is to be assessed, for which the employee assessment is stated i.e. ‘Excellent’ if employee is getting marks between 16 to 20, ‘good’ performance is remarked, if employee is getting a total between 11 to 15 points, ‘above average’, if marks between 6 to 10 points and ‘poor’ performance is recorded, if employee get 5 points and below.

**Achievement**

General comments including strengths, potential and suitability for promotion in measuring employees’ performance have seven dimensions. As per the performance measurement criteria the employee got:

a) 2 points for ‘Adaptability to change’,
b) 2 points for ‘Aptitude and competence’
c) 2 points for ‘Administrative skills’
d) 3 points for ‘leadership skills’
e) 2 points for ‘Organizational skills’
f) 2 points for ‘Cooperation and team work skills’
g) 2 points for ‘Capability to move to a higher position’

**Measurement of Employees’ Performance for ‘General Comments’**

Parameter

It was observed after aggregating the employees’ scores on seven dimensions that he stands for good performance but he has the scope to improve for the dimension, ‘Adaptability to change’, ‘Aptitude and competence’, ‘Administrative skills’, ‘Organizational skills’ and ‘Capability to move to a higher position’.

In total, the employee gets 15 points and stands in ‘good’ performance for being marked between 11 to 15 points.
3.1.3 Application of Performance Measurement System in Measuring Employees’ Performance IN SBI

After going through the details of Performance Measurement System of State Bank of India in measuring employees’ performance, the following results are ascertained:

Table 1: Performance Measurement System at State Bank of India

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Parameter</th>
<th>Target (Standard Performance)</th>
<th>Achievement (Actual Performance)</th>
<th>Gaps In Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Business Performance / Key Responsibility Areas (KRAs) (40 points)</td>
<td>A.1: Deposits Related Performance</td>
<td>A.1: Deposits Related Performance</td>
<td>As the target is not achieved fully, the employee gets 3 points for each item in Business Performance dimension securing 24 points in total out of 40 points.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Rs. 20 crore (PB deposits), Rs. 5 crore (C and I deposits), Rs. 1 crore (Agricultural Deposits) and Rs. 1 crore (SIB deposits).</td>
<td>➢ Rs. 18.5 crore PB deposits, Rs. 4.8 crore C and I deposits and Rs. 1 crore agricultural deposits and 1 crore SIB deposits.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Average of aggregate deposits related performance is Rs. 6.75 crores.</td>
<td>➢ Achievement on average basis for deposits is Rs. 6.325 crore.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>A.2 Advances Related Performance</td>
<td>A.2 Advances Related Performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Rs. 5 crores (PB advances), Rs. 2 crore (C and I advances), Rs. 3 crore (agricultural advances) and Rs. 2.5 crore (SIB Advances).</td>
<td>➢ Reporting of Rs. 4.7 crore PB advances, Rs. 2 crore C and I advances, Rs. 2.95 crore aggregated advances and Rs. 2.5 crore SIB advances.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Average of aggregate advances related performance is Rs. 3.125 crores.</td>
<td>➢ Average achievement on advances is Rs. 3.0375 crore.</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Qualitative Aspects of Performance (20 points)</td>
<td>Excellent if employee is getting marks between 16 to 20, good performance is remarked, if employee is getting a total between 11 to 15 points, average if he stands between 6 to 10 marks and poor performance is recorded.</td>
<td>Employee got 16 points against 20 points. He gets maximum points for category II, category VI and category VII only. For other categories he gets 2 points.</td>
<td>He has excellent performance as overall assessment being marked between 16 to 20 points.</td>
</tr>
</tbody>
</table>
### Attributes based Appraisal (20 points)

<table>
<thead>
<tr>
<th>C</th>
<th>Attributes based Appraisal (20 points)</th>
<th>Employee has done best for the dimensions 2 to 5. He needs to achieve maximum points for dimensions 'knowledge of work procedures, rules and regulations', 'understanding and awareness of environment', 'sociability', 'public relations and image building', 'marketing ability', 'ability to appraise business' and 'ability to appraise and develop juniors'.</th>
<th>Employee got 17 points against 20 points. He gets excellent performance as overall assessment being marked between 16 to 20 points.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent if employee is getting marks between 16 to 20, good performance is remarked, if employee is getting a total between 11 to 15 points, average if he stands between 6 to 10 marks and poor performance is recorded, if employee get 5 points and below.</td>
<td>It was observed after aggregating the employees' scores on seven dimensions that he stands for good performance but he has the scope to improve for the dimension, 'Adaptability to change', 'Aptitude and competence', 'Administrative skills', 'Organizational skills' and 'capability to move to a higher position'.</td>
<td>The employee gets 15 points and stands in 'good' performance being marked between 11 to 15 points.</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>General Comments (Strengths, potential and suitability for promotion) (20 points)</td>
<td>Excellent if employee is getting marks between 16 to 20, good performance is remarked, if employee is getting a total between 11 to 15 points, average if he stands between 6 to 10 marks and poor performance is recorded, if employee get 5 points and below.</td>
<td></td>
</tr>
<tr>
<td>Table 1 explains the application of Performance Measurement System.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### A. Business Performance /Key Responsibility Areas (KRA): 40 points

On an average basis, deposits from business performance are Rs. 6.325 crore against the target of Rs. 6.75 crore and advances are of worth Rs. 3.037 crore against the target of Rs. 3.125 crore. Further employee secures 24 points against 40 points in total.
B. Qualitative Aspects: 20 points

For seven dimensions of 20 points, employees got 16 points and stands for excellent performance. Further he requires improvement for ‘House keeping’, Customer service (including disposal of complaints etc.), ‘Submission of returns and quality and promptness of correspondence’, ‘Appraisal, supervision and follow up of credit’.

C. Attributes based Appraisal: 20 points

For 10 dimensions of 20 points, employee gets 17 points and stands in excellent position. Further the employee still needs to improve for ‘knowledge of work procedures, rules and regulations’, ‘understanding and awareness of environment’, ‘sociability, public relations and image building’, ‘marketing ability’, ability to appraise business’ and ‘ability to appraise and develop juniors’.

D. General Comments: 20 points

For 7 dimensions of 20 points, employee gets 15 points, and stands in good position. Further still needs to improve for ‘Adaptability to change’, ‘Aptitude and competence’, ‘Administrative skills’, ‘Organizational skills’ and ‘capability to move to a higher position’.

3.1.4 Employee Performance Gap - State Bank of India

Broadly after comparing the goals, points against them and overall assessment criteria, it was observed that the employee could not achieve from business performance point of view for average deposits and advances and in general comments he was good and further needs excellent performance.

Overall employee performance is satisfactory. Now it is essential to improve the position and can be done by employee in consultation of the reporting authority. In this manner Performance Measurement System in SBI helps the bank to measure employees’ performance.

The gap in employee’s performance and wherever he is lagging behind can facilitate the employee to recognize his strengths, weaknesses and
opportunities available to improve and achieve the goals more certainly, effectively and efficiently.

3.1.5 Discussions of the Findings in State Bank of India

The employees' performance when measured through Performance Measurement System as used in SBI including 4 main dimensions i.e. Business performance, qualitative aspects, attributes based appraisal and general comments is effective when the following questions are addressed:

Solutions to the research questions

Going through the research questions, it was observed whether Performance Measurement System was giving answer to the questions put hereby and discussion is delineated.

1. Role of Measurement – Comply, Check and Challenge.

In SBI, the 3 roles are used as a means of control as discussed here:

a) Comply: The usage of four dimensions in measuring employees’ performance comply the needs from quantitative and qualitative aspects but more emphasis is observed on qualitative aspects.

b) Check: To have a check on employees’ performance, business performance gives him an opportunity to achieve the set targets. Further qualitative aspects, attributes based appraisal and general comments are showing overall picture of employee on quality basis. Quantity relates to only ‘Business Performance’ dimension.

c) Challenge: In SBI, the employee presents his report with the evidence. His achievement is available with the boss and can be challenged by anyone anytime. But qualitative aspect lacks challenge as it is difficult to measure and have accuracy in human nature especially in qualitative terms.

2. Design, implementation and use of Performance Measurement System for Comply, check and challenge

In SBI, Performance Measurement System is designed by corporate offices in Mumbai, Delhi and Panchkula. Its implementation is done by every
branch and office. Usage of all dimensions for comply check and challenge is made clear by the boss, when employee joins the bank.

3. **Drivers that put Performance Measurement system on management agenda**

Drivers for measuring employees’ performance are business performance, qualitative aspects, attributes based appraisal and general comments.

4. **Filter Criteria/Questions arise, while measuring employees’ performance and are part of Performance Measurement System**

   a) **How do we look to shareholders (Business Performance)**

      Giving the targets and findings and observing their achievements is the filter criteria to measure the performance. The achievement of branch manager shows that some improvement is required in this aspect.

   b) **How do customers see us? (Qualitative aspects of performance and attributes based appraisal)**

      In qualitative aspects of performance, customer services, attitude towards SCs/ STs/ weaker sections of the society- customers’ perspective was observed. In attributes based appraisal, customer perspective is observed through sociability, public relations and image building.

      It involves point system to improve and sustain customer satisfaction. Subjectivity is involved during assigning points. An attempt is made to satisfy the customer by the branch manager. Where ever employee needs to improve is only for points. The aspect is completely quality based and no accuracy is involved.

   c) **What must we excel at? (Qualitative aspects of performance, Attributes based appraisal and General Comments)**

      To achieve excellence, efforts are made through dimensions for upgradation of branches by assigning points but that is for managers. Further through other dimensions i.e. knowledge of work procedures, rules and regulations, adaptability to change, excellence in performance and practices are emphasized.
There is a points system to measure excellence and that is also qualitative and no quantitative measure so involves a lot of subjectivity. Overall, performance dimensions relating to excellence are giving satisfactory results and improvements are required only for more points as the aspect is quality based.

d) Can we continue to improve and create value? (Qualitative areas of Performance, Attribute based Appraisal and General Comments)

In SBI, to improve and create value of every employee, qualitative aspects involve ‘Submission of returns and quality of correspondence’, ‘Attributes based appraisal’ involves Control and supervision, Decision making skills, Diligence, Understanding and awareness of environment, Ability to appraise business, Ability to appraise and develop juniors. In ‘General comments’, Value creation can be determined by Administrative skills, Leadership skills, Organizational skills, Cooperation and team work skills and Capability to move to a higher position.

Overall employee’s performance as illustrated by branch manager’s performance is satisfactory. The dimensions are totally quality based involving subjectivity. Improvement can be made by improving points and nothing else. It is here to be noted that there are online tests (e-tests) in SBI but they are optional. If any employee finds that he should take training then he can participate, otherwise there is no obligation.

Self Appraisal Report (AAR Form II)

In Performance Measurement System at SBI, it is mandatory for employee to give the self appraisal report for all the dimensions discussed in Performance Measurement System earlier as shown in AAR FORM III, AAR form IV and AAR form V (Annexure VII to Annexure IX). For the same, he is to fill Assignment Appraisal Report (AAR) form II (Annexure – VI).

The self appraisal includes highlights of performance (monthly, six monthly and annually). Employee is to describe area/function where he lags behind and constraints faced while operating in the field concerned and reports on achievement of the targets. Further open ended questions are
included to confirm as to what helps the employee to perform better and other achievements made by the employee.

The basic objective of self appraisal in SBI is to evaluate employee's strengths, weaknesses and opportunities involved while performing the tasks. It is prepared by the employee himself by consulting the immediate boss.

3.1.6 Details of Performance Measurement System at SBI

During discussions with the experts and officers including branch manager, it was discussed regarding the benefits and contribution of Performance Measurement System in measuring employees' performance individually and to the bank. Table 2 depicts the position.

Table 2: Details of Performance Measurement System at SBI

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Item/Dimension</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Frequency of measurement</td>
<td>Thrice in a year i.e. monthly, six monthly and yearly</td>
</tr>
<tr>
<td>2.</td>
<td>Frequency of review of performance</td>
<td>Monthly, six monthly and yearly review</td>
</tr>
<tr>
<td>3.</td>
<td>Where the data will come from?</td>
<td>Employee feeds data for business performance and Qualitative aspects by consulting the boss.</td>
</tr>
<tr>
<td>4.</td>
<td>Rationale for introducing measure</td>
<td>Benefits of Performance Measurement System in measuring employees' performance</td>
</tr>
<tr>
<td>5.</td>
<td>Who will act on the data?</td>
<td>Employee himself</td>
</tr>
<tr>
<td>6.</td>
<td>When they become available?</td>
<td>At the time of joining and when financial year starts</td>
</tr>
<tr>
<td>7.</td>
<td>What role is played by the measures?</td>
<td>Help to achieve the targets and improve capability and quality of employees' performance</td>
</tr>
<tr>
<td>8.</td>
<td>Who will measure?</td>
<td>Reporting authority and reviewing authority</td>
</tr>
<tr>
<td>9.</td>
<td>Place of designing of performance measure</td>
<td>Corporate offices at Mumbai, Delhi and Panchkula</td>
</tr>
</tbody>
</table>

Table 2 facilitates details of Performance measurement system at State Bank of India. The discussion states that performance is measured and reported thrice i.e. monthly, six monthly and yearly and review is also made for the same period. The employee feeds the data for quantitative aspect i.e. business performance and qualitative aspects are observed and marked by the employee and the boss. The rationale to introduce measures is the
benefits which are derived in measuring employees' performance. Employee acts on the data to improve him, where ever necessary. Data and measures are available at the time of joining of the employee and when financial year starts. The measures help in achievement and improvement both. Reporting authority and reviewing authority measure the performance. Performance Measurement System is to be designed at corporate offices at Mumbai, Delhi and Panchkula.

To conclude, Performance Measurement System facilitates measurement of employees' performance in SBI in both quantitative and qualitative form, but there are certain limitations to Performance Measurement System which hinders the measurement of employees' performance at its best.

3.1.7 Limitations of Performance Measurement System at State Bank of India

After discussions and interviews with officers and experts and literature available from the bank, the following limitations were observed:

1. The first and the foremost lacunae found in Performance Measurement System of SBI is excessive weightage to qualitative aspects in terms of qualitative aspects, attributes based appraisal and general comments. Only business performance key responsibility areas are confined to quantitative measurement i.e. 40 points out of 100 points.

2. Due to focus on qualitative aspects, inaccuracy enhances. Moreover excessive subjectivity is involved in assigning weights by the boss. It creates biasness in terms of inflated and deflated rating.

3. Less emphasis is given to performance in terms of business processes and customer satisfaction. Learning and Growth is emphasized but in subjective/ qualitative terms. Moreover training is optional, employee generally does not feel that he needs training and less chances of learning occur.

4. No division of performance on customer basis, processes basis and learning and growth terms. Rather all the dimensions are mixed.
5. The dimensions i.e. qualitative aspects of performance, attributes based appraisal and general comments are very lengthy. It may create confusion in the mind of boss because of too many items. As a result, the boss may be biased and ignorant in assigning points.

6. Sometimes targets are not realistic and difficult to achieve. At that time Performance Measurement System becomes failure.

7. The whole picture of Performance Measurement System is more an unscientific way to allocate the targets.

8. There may be subjectivity in measurement and reporting both due to relations between boss and subordinate.

Problems faced during the implementation of Performance Measurement System at SBI

1. There is lack of training to staff, that also is optional, which generally discourages employees to achieve targets.

2. Being public sector bank, there is no recognition of work/ performance resulting into lack of motivation to achieve the targets as provided by Performance Measurement System.

3. There is lack of support and enthusiasm by top authorities.

4. If employees are careless, delays exist in review and implementation.

To conclude Performance Measurement System in State Bank of India being public sector bank is more emphasizing on public relations, society (also classes and categories), other qualitative aspects, points system. Moreover subjectivity is making it worthless and its lengthiness makes it more time consuming and chaos creating process. There is more flexibility in assigning points. Overall, Performance Measurement System is cumbersome in State Bank of India and less motivating and enthusiastic force is available behind performance measurement system to ignite zeal and confidence among the employees.
3.2 PERFORMANCE MEASUREMENT SYSTEM AT ICICI BANK

During expert interviews with the ICICI bank employees, it was found that they use Balanced Scorecard for measuring employees' performance. Each and every employee in the bank is provided with the goals to be achieved during the job/project/task which is assigned to him. Evaluation source evaluates the accomplishment of the goal to be achieved. Further target is given to achieve the goal. Achievement made by the employee and the set target is mentioned in Balanced Scorecard itself. The targets and goals prescribed are under four broad categories i.e. financial perspective, customer perspective, internal business process perspective and learning and growth perspective. Corresponding points are assigned to each perspective which describes the value of each perspective by application of Balance Scorecard in measuring each and every employee's performance in ICICI bank.

3.2.1 Usage of Balanced Scorecard in Measuring employees' performance

For every employee in the bank, Balanced Scorecard is applied as per the nature of the work done by him at all levels. For operations manager, sales manager, manager in retail, home loans manager, different Balanced Scorecards are adopted under different dimensions.

The example of Operation manager's Balanced Scorecard is considered to understand the functioning of Balanced Scorecard in ICICI bank. The same is taken into account because internal business processes are dealt by Operations manager.

The whole picture of Balanced Scorecard and its functioning is described in Table 3.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Goal</th>
<th>WTG</th>
<th>Measure/Evaluation Sources</th>
<th>Target (Standard Performance)</th>
<th>Achievement (Actual Performance)</th>
</tr>
</thead>
</table>
| 1      | Cost optimization and reduction in operational risk budget            | 20  | 1) Amount saved through cost saving initiatives for group  
2) Amount used from Ops risk budget                               | 1) Within budget  
2) Utilization of Ops risk                                       | 1) YTD Cost utilization within budget. Budget utilized 33.64 mn against 33.94  
2) YTD Ops risk utilized within budget. Budget utilized .037 mn against .097                                |
| 2.     | Adhere to RBI/Internal guidelines on Coin Mela and soiled note remittance and closure of SRs | 15  | 1) Percentage holding of soiled notes to actual holding of vault.  
2) Number of SR close beyond TAT in a year  
3) Number of coin mela done by unit, per month at least one         | 1) Soiled note holding not to exceed 20% of the total holding at Month end.  
2) SRs to be closed within TAT  
3) One mela to be held per ICMC per month                           | 1) % of soiled holding never exceeded 20% through out the year.  
2) 100% SRs closed within TAT  
3) One coin mela held every month through out the year.             |
| 3      | Adhere to internal guidelines on BCP Fake note handling and CIT norms | 15  | 1) Number of BCP drills conducted  
2) Fake note handling  
3) Vehicle running for 100 km plus and carrying cash less           | 1) 100% completion of BCP as per scheduled  
2) 100% reporting to RBI and NCRB before 7th of next month for all fake | 1) One BCP. completed every month  
2) 100% reporting of fake notes is being done                         |
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1) All training targets achieved.</td>
<td>2) 6.2 E learning mandays completed.</td>
<td>notes received at ICMC’s</td>
<td>3) Special care taken for CIT movements, holding of all the movements more than 2.5 crore on an average.</td>
</tr>
<tr>
<td>1) Achieved 7 star rating in last IAD</td>
<td>2) 100% SOAx compiled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) 6500 I lab points achieved this year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Present ZUP is of 2 days.</td>
<td>2) Actual CRL is 68.48 mn against target of 78.83 mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) ZUP to be within 1 day</td>
<td>2) CRL within limits</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Be within targets of cash retention and unprocessed cash</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1) Unprocessed bundles lying with ICMC against total cash exceeding TAT</td>
<td>2) Number of days CRL exceeded in year</td>
<td>1) ZUP to be within 1 day</td>
<td>2) CRL within limits</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Maintaining quality through IAD/SOAx/Five S</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>1) Rating of audit score for unit</td>
<td>2) Number of deviations during SOAx audit</td>
<td>1) Audit index &gt; 95%</td>
<td>2) Zero failure in SOAx audit</td>
</tr>
<tr>
<td>3) Average I-Lab points per employee</td>
<td></td>
<td>3) Target 2000 I Lab points per employee</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Maintain work-life balance matrix through back-up creation and learning</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1) Number of trainings attended by employees and number of back ups created</td>
<td>2) Average score of E learning mandays and E test</td>
<td>1) Based on completion of training Targets</td>
<td>2) 6 E learning mandays/ E tests to be completed</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Learning Perspective (weightage- 10 points)</td>
<td></td>
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</tr>
</tbody>
</table>
Table 3 shows that Balanced Scorecard is divided into four perspectives. Weights are given to each and every perspective in the scorecard.

Immediate boss is going to measure the performance. Framework of Balanced Scorecard is determined by each employee with the consultation of his immediate boss. As shown in ICICI bank’s Balanced Scorecard, for the perspectives mentioned, goals, weightage, measure/evaluation source, target to be achieved and achievement made by the employee is described. The description is through an example of Performance Measurement of an operation manager at cash management counter, which is elaborated as follows:

**Operation Manager in Cash Management**

1. **Financial Perspective**
   a. **Goal:** Cost optimization and reduction in operations risk budget
      
      The goal is to reduce the cost and the risks involved in operations. The budget which is provided by the boss is to be effectively utilized.
   
   b. **WTG:** 20 points are assigned to the perspective.
   
   c. **Measure / Evaluation Source**
      
      The goal will be measured by:

      (1) Amount saved through cost saving initiatives for group: - It states that through various activities/tasks how much amount is saved by the employee concerned.

      (2) Amount used from operations risk budget: - The point comes that how much money is used from the budget provided.

   d. **Target**
      
      As per the goal, target is to achieve the preset goal i.e. the work/project should be completed within the budget and there must be best utilization of operations risk.
Operations risk

Budget is provided by the corporate office to compensate the monetary penalties levied by RBI or various vendors/ customers for normal human errors. This budget must be least utilized by the employee.

e. Achievement

For the financial perspective, Table 3 denotes the achievement made by the operations manager:

(1) Year till date (YTD) cost utilization is within the budget. Budget utilized Rs. 33.64 million (mn) against Rs. 33.96 million (mn).

YTD cost utilization: Budget provided for the whole year till date, the employee is to utilize the funds provided within limits.

(2) Year till date operations (YTD Ops) risk utilized within budget. Budget utilized Rs. 0.037 million (mn) against Rs. 0.097 million (mn).

Measurement of Employee’s Performance for financial perspective

Performance is within control limits as achievement of goal is observed after proper evaluation. Target is achieved.

2. Customer Perspective

The perspective relates to customer satisfaction.

a. Goal: Customer perspective goal is to adhere to rules and regulations of RBI/internal guidelines on coin mela, soil note remittance and closure of Service Requests (SRs).

Coin mela

Once in a month, employee is to hold (as per RBI guidelines) a coin mela for soiled note remittance to RBI for destruction. The soiled notes are remitted to the RBI for destruction service requests. It is the request made by the branch as per RBI guidelines.

b. WTG

It consists of 15 points.

c. Measure/ Evaluation Sources

Keeping in mind, goal to be achieved, measures taken are:
1. Percentage holding of soiled notes to actual holding of vault: - The measure describes percentage of soiled notes being checked and received by the employee on the assigned project/ task/ job.

2. Number of service Requests (SRs) close beyond Turnaround Time (TAT) in a year: - The measure describes the number of requests received from the customers beyond turnaround time in a year.

   Turnaround Time: - It is the time taken by the employee to complete the assigned project/ task / job.

3. Number of coin melas done by unit per month at least one.

   **Coin Mela**

   It relates to distribution of coins/ change by the employee in the coin mela organized by him.

   **Unit** : branch/office where employee works.

4. **Target**

   Corresponding to the goal, target to be achieved provides the quantitative aspect i.e. (1) soiled note holding not to exceed 20% (a particular percentage) of the total holding at month end; (2) service request is to be closed within turnaround time; (3) one coin mela is to be held per Integrated Cash Management Centre (ICMC).

   **ICMC per month**: ICICI bank has 32 Integrated Cash Management Centres in India.

5. **Achievement for the customer perspective**

   In Table 3, achievement of employee for customer perspective is described:

   1. % of soiled holding never exceeds 20% throughout the year.
   2. 100% service requests are closed within turnaround time (TAT).
   3. One coin mela is held every month throughout the year.

6. **Measurement of Employees’ Performance through customer perspective**

   Considering the goal, the employee has achieved the standard target as it is expressed in achievement by him for the concerned job.
3. **Process Perspective**

The perspective relates to Internal business processes of the bank, in which employee is to perform.

a. **Goal**

Internal business process perspective relates to internal guidelines on Business Continuity Process (BCP), fake note handling and vehicle carrying cash.

*(Business Continuity Process) BCP norms*

Business Continuity Process means the process is to be continued even if there exist hurdles in performing the tasks.

b. **WTG**

Overall Business process perspective retains 55 points, 15 points are assigned to adherence to internal guidelines on BCP /fake note handling.

c. **Measure/ Evaluation Source**

1. Number of business continuity process drills conducted (ideally every one month).

2. The reporting to fake note handling.

3. Vehicle running a distance for 100 km plus and carrying cash less than Rs. 2.5 crore.

d. **Target**

The corresponding targets to be achieved are :-

1. For BCP drills conducted, 100% completion of business continuity process (BCP) as per schedule.

2. For fake note handling, 100% reporting to RBI and NCRB, is to be given by the branch which is facilitated by employee dealing in it, before 7th of every month for all fake notes received at Integrated Cash Management Centres (ICMC’s).

3. For vehicle carrying cash, the target is vehicle carrying average cash more than Rs. 2.5 crore per trip from Integrated Cash Management centre (ICMC) to ICMC.
a. **Goal**

Be within targets of cash retention and unprocessed cash.

b. **WTG**

The goal in the business perspective retains 25 points.

c. **Measure/ Evaluation source**

1. For unprocessed cash, unprocessed bundles lying with Integrated Cash Management Centre (ICMC) against total cash exceeding turnaround time (TAT).

2. For cash retention goal, number of days cash retention limit exceeded in a year.

**Cash Retention limit**

Branches retain cash and their limit should not exceed. Lesser cash retention is beneficial for banks.

d. **Target**

The corresponding targets to be achieved are:

1. Zero Unprocessed (ZUP) to be within 1 day.

2. Cash Retention Limit (CRL) within limits.

**Maintaining Quality**

a. **Goal**

Maintaining quality through Internal audit Department, software access exchange and five S.

IAD- Internal Audit Department of the bank.

SOAx- Software Access Exchange relates to high seed, flexible communications network that is extremely reliable and secure.

Five S: Sorting out, systematic arrangement, spic-n-span, standardize and self discipline.

i) Sorting out is made for the employee to sort out their tasks into needs and wants.

ii) Systematic arrangement is the systematic layout of the workplace, specifying the storage areas and deciding where to put each item starting from files and documents down to the stapler and pins.
iii) Spic-n-span monitor whether the earlier steps (S1 and S2) are regularly and effectively carried out by the employee and the workplace is kept neat and clean.

iv) Standardize means to have uniformity and fixing a standard/level for rules and policies to be followed by the employee at the workplace.

v) Self discipline is attached to making time tables and indexes that indicate where you can take help of charts and visuals if required.

b. **WTG**

Maintaining quality dimension is internal business process perspective having 15 points.

c. **Measure/ Evaluation Sources**

To maintain quality of the processes:

1. Rating of audit score for unit is taken into account

**Unit** - Unit is the branch of ICICI bank.

2. Number of deviations during SOAx audit

   It relates to deviations during Software Access Exchange audit.

**SOAx audit** – confirms quality through high speed, network, which is reliable and secure. Auditing is done by Internal audit team/ department.

3. Average Innovation-Lab (I-Lab) points per employee

   The dimension relates to new ideas given by the employee.

d. **Target**

For the goal of maintaining quality in business processes perspective targets are:

1. Audit Index > 95% which denotes that goals are achieved more than 95% standard fixed.

2. Zero failure in SOAx audit which signifies that no defects, all samples are passed.

3. Target 2000 I Lab points per employee which signifies that each employee is to achieve 2000 points. There is separate software to feed ideas.
e. Achievement of Internal Business Processes Perspective

3.1 In relation to Business processes, Business Continuity Process (BCP) is completed every month.

3.2 100% reporting of fake notes is being done by the employee.

3.3 Special care is taken for cash in transit (CIT) movement, holding of all the movements more than Rs. 2.5 crore on an average.

3.4 Present Zero unprocessed (ZUP) is of 2 days while target of zero unprocessed (ZUP) to be within 1 day.

3.5 Actual Cash Retention Unit (CRL) is Rs. 68.48 mn against target of Rs. 76.83 mn for the particular month.

3.6 Achieved 7 star rating in one year - Checked by Internal Audit Department (IAD), 95% achievement by the employee.

3.7 100% Software Access Exchange (SOAx) compiled.

3.8 6500 I Lab points achieved in the year against target of 2000 I Lab points per employee.

Measurement of Employee's Performance for internal business process perspective

While measuring employee's performance for internal business process perspective, it was observed that employee achieved the target within time except on the aspect of cash retention, where achievement for zero unprocessed (ZUP) is of 2 days as against the target to be achieved within 1 day. Improvements are required for the same.

4. Learning Perspective

The perspective examines the learning and growth of the employee on different aspects.

a. Goal

Maintaining work life balance Matrix through back-up creation and learning

Work life balance in ICICI bank relates to 9 to 10 hours ideal work time in the work place.
Back-up creation and learning in ICICI Bank: Back-up signifies that someone must be available if employee is absent. The employee will make another employee expert in his work area so that back up is available in his absence.

b. WTG: The perspective comes with 10 points.

c. Measure/ Evaluation source
1. For learning and back-up creation, number of trainings attended by employee and number of back-ups created are evaluated.
2. For measuring learning, average score of E-learning mandays and E-tests are conducted. These are online tests. E-learning and E-tests are related to the electronic/online learning to know where employee stands and what improvements are required.

d. Target
For the goal to be achieved:
1. Learning is based on completion of training projects and targets.
2. 6 E-learning mandays/ E-tests to be completed in a year. Tests are taken on different topics relating to work done by the employee.

e. Achievement
1. The record denotes that all training targets being achieved by the employee.
2. Employee has completed 6.2 E learning mandays.

Measurement of Employee's Performance for Learning and Growth Perspective
Performance is up to the mark. Employee has achieved the target keeping in mind the goal as evaluated by the measurement source.

3.2.2 Balanced Scorecard - Measuring Employee's Performance in different perspectives
Table 4 shows the achievement in every perspective by the employee and measurement of employee's performance.
Table 4: Application of Balanced Scorecard in achievement of performance in ICICI bank

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Perspective</th>
<th>WTG</th>
<th>Measures used to set Target (Standard Performance)</th>
<th>Achievement (Actual Performance)</th>
<th>Gaps In Performance</th>
</tr>
</thead>
</table>
| A      | Financial Perspective | 20  | 1) Amount saved through cost saving initiatives for group: It states that through various activities / tasks how much amount is saved by the employee concerned.  
2) Amount used from operations risk budget: - The point comes that how much money is used from the budget provided. | 1) Year till date YTD cost utilization within budget. Budget utilized Rs. 33.64 mn against Rs. 33.94 mn.  
2) Year till date YTD operations risks utilized with budget. Budget utilized Rs. .037 mn against Rs. .097 mn. | Target fully achieved |
| B      | Customer Perspective | 15  | 1) Percentage holding of soiled note to actual holding of vault  
2) Number of service Requests (SRs) close beyond Turnaround Time (TAT) in a year.  
3) Number of coin melas done by unit per month at least one | 1) % of soiled holding never exceed 20% throughout the year.  
2) 100% branch request service requests closed within turnaround Time (TAT).  
3) One coin mela held every month through out the year. | Target fully achieved |
| C      | Process Perspective | 55  | 1) For BCP drills conducted, 100% completion of business continuity process (BCP) as per schedule.  
2) For fake note handling, 100% reporting to RBI and NCRB.  
3) For vehicle carrying cash, the target is vehicle carrying average cash more than Rs. 2.5 crore per trip from Integrated Cash Management | 1) Business Continuity Process (BCP) is completed every month.  
2) 100% reporting of fake notes is being done by the employee.  
3) Special care is taken for cash in transit (CIT) movement, holding of all the movements more than Rs. 2.5 crore on an average.  
4) Present Zero unprocessed |
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Perspective</th>
<th>WTG</th>
<th>Measures used to set Target (Standard Performance)</th>
<th>Achievement (Actual Performance)</th>
<th>Gaps In Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>centre (ICMC) to ICMC.</td>
<td>(ZUP) is of 2 days while target of zero unprocessed (ZUP) to be within 1 day.</td>
<td>Improvement required for ZUP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4) For unprocessed cash, unprocessed bundles lying with Integrated Cash Management Centre (ICMC) against total cash exceeding turnaround time (TAT).</td>
<td>5) Actual Cash Retention Unit (CRL) is Rs. 68.48 mn against target of Rs. 76.83 mn for the particular month.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5) For cash retention goal, number of days cash retention limit exceeded in a year.</td>
<td>6) Achieved 7 star rating in one year.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6) Rating of audit score for unit is taken into account.</td>
<td>7) 100% Software Access Exchange (SOAx) compiled.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7) Number of deviations during SOAx audit.</td>
<td>8) 6500 I Lab points achieved in the year.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8) Target 2000 I Lab points per employee.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Learning Perspective</td>
<td>10</td>
<td>1) Based on completion of training targets.</td>
<td>1) The record denotes that all training targets being achieved by the employee.</td>
<td>Target achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2) 6 E learning mandays are to be completed.</td>
<td>2) Employee has completed 6.2 E learning mandays.</td>
<td></td>
</tr>
</tbody>
</table>
Table 4 describes the employee's performance:

A. **Financial Perspective**
   3) Year till date (YTD) cost utilization within budget. Budget utilized Rs. 33.64 mn against 33.94 mn.
   4) Year till date (YTD) operations risks utilized with budget. Budget utilized Rs. 0.037 mn against Rs. 0.097.

B. **Customer Perspective**
   1) % of soiled holding never exceed 20% throughout the year.
   2) 100% service requests closed within prescribed Turnaround Time (TAT).
   3) One coin mela held every month throughout the year.

C. **Internal Business Process Perspective**
   1. One Business Continuity Process (BCP) completed every month.
   2. 100% reporting of fake notes is done.
   3. Special care taken for cash in transit (CIT) movements, holding of all the movements more than Rs. 2.5 crore on an average.
   4. Present (ZUP) is of 2 days against zero unprocessed (ZUP) within 1 day.
   5. Actual cash retention Limit (CRL) is Rs. 68.48 mn against target of 76.83 mn.
   6. Achieved 7 star rating in last internal audit.
   7. 100% Software Access Exchange (SOAx) Compiled.
   8. 6500 I Lab points achieved in the whole year.

D. **Learning and Growth Perspective**
   1. All training targets achieved.
   2. 6.2 E learning mandays completion.

3.2.3 **Employee Performance Gap - ICICI Bank**

Broadly after comparing the goals, targets and achievement, it was observed that the employee could not achieve in one aspect i.e. ZUP of 2 days against 1 day.

Overall, employee's performance is satisfactory. Now some solution / measure can be found to improve the position. This aspect is known to the
employee. He recognizes the weakness and can improve in future by consulting his boss.

In this manner, application of Balanced Scorecard in measuring employees' performance helped the bank to measure his performance. The gap in performance and the perspective, where employee is lagging behind is discussed by the employee with the immediate boss. The right measure can be taken at the right time now so that it can be improved in time.

3.2.4 Discussions of the Findings of ICICI Bank

The employee's performance, when measured through Financial Perspective, Customer Perspective, Internal Business Perspective, Learning and Growth Perspective is effective, when the following issues/questions are addressed.

Research questions relating to employees' performance and Performance Measurement System:

1. Whether the three roles of measurement – comply, check and challenge are properly used as a means of control.
2. How can measurement system for comply, check and challenge be designed, implemented and used?
3. What are the drivers that put Performance Measurement System on the management agenda today.
4. The following filter criteria/questions arise while measuring the employees’ performance and are the part of Performance Measurement System1:-
   a. How do we look to shareholders? (Financial Perspective)
   b. How do customers see us? (Customer Perspective)
   c. What must we excel at? (Internal Business Process Perspective)
   d. Can we continue to improve and create value? (Learning and Growth Perspective)

Solution to research questions

Going through the research questions, it can be observed, whether Balanced Scorecard is giving answer to the research questions put hereby. The discussion is as follows:-

1. **Role of measurement – comply, check and challenge**
   The three roles of measurement – comply, check and challenge are properly used as a means of control in ICICI bank.

   **Comply**
   The usage of four perspectives of Balanced Scorecard comply the needs and requirements because all the goals, targets and measures in each and every perspective are delineated keeping in view, what is required by the employee from the present job, i.e. compliance element is present in measuring employees' performance in ICICI bank.

   **Check**
   Basically the objective of comparison of targets (set keeping in view the goals) and achievements should have a check on employees' performance. Therefore ICICI bank’s scorecard facilitates check on employee’s performance from different aspects.

   **Challenge**
   In ICICI bank scorecard, the actual and true position is presented by the employee. Moreover, his achievement is available with the immediate boss, so anyone can challenge his report and the employee can have evidence for the same.

2. **Design, implementation and use of measurement system for comply, check and challenge.**
   In ICICI bank, Balanced Scorecard and its four perspectives i.e. Financial Perspective, Customer Perspective, Internal Business Process Perspective and Learning and Growth Perspective are designed by corporate office in Mumbai. Its implementation is done by every branch and office at the level concerned. Application of all perspectives for comply, check and
challenge are made clear by the immediate boss, when employee joins the bank.

3. **Drivers that put Performance Management System on management agenda.**

   Drivers in ICICI bank for measuring employees' performance are financial perspective, customer perspective, internal business process perspective and learning perspective.

4. **Filter Criteria/ questions arise, while measuring the employees’ performance and part of Performance Measurement System**
   
   **(a) How do we look to shareholders? (Financial Perspective)**

   Efforts to improve on financial terms are attempted. Utilization of funds and work within budget is the filter criteria to set the goal, target and measure the achievements. The achievement of operations manager denotes that financial aspect is considered to give right response in terms of finance.

   Overall an attempt is made to have inflow of finance.

   **(b) How do customers see us? (Customer perspective)**

   Filter criteria to see the achievement of the perspective is confirmed by setting the goal as per RBI rules and regulations, by finding holding of soiled notes, service requests and conducting coin melas.

   It involves efforts to improve and sustain customer satisfaction. Overall, an attempt is made to satisfy the customer at its best and give the desired results.

   **(c) What must we excel at? (Internal Business Process Perspective)**

   To achieve excellence, efforts are made to maintain business continuity process, fake note handling, to have more cash collection, control unprocessed bundles by specifying Zero Unprocessed (ZUP) and cash retention limit. Further rating of audit score, number of deviations during (SOAx) audit and average I-Lab points per employee are measures to excel the performance.

   Overall an attempt is made to excel through internal business processes for the benefit of customers.
(d) Can we continue to improve and create value? (Learning and Growth Perspective)

In ICICI bank, to observe improvement and creation of value of each and every employee, number of training sessions attended by the employee and number of backups created are measured. Further average scores of E-learning mandays and E-tests serve the criteria in measuring employees' performance.

Overall, an attempt is made to have improvement in employee's performance on continual basis, so that they can create value for the bank at present and in future also.

3.2.5 Details of Balanced Scorecard at ICICI Bank

During discussions with the officers and experts, it was asked to the concerned parties regarding the benefits derived by them and the bank in measuring their performance, which are discussed in Table 5.

Table 5: Details of Performance Measurement System
(Balance Scorecard) at ICICI Bank

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item/Dimension</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Frequency of measurement</td>
<td>Twice in a year</td>
</tr>
<tr>
<td>2.</td>
<td>Frequency of review</td>
<td>Monthly review</td>
</tr>
<tr>
<td>3.</td>
<td>Where the data will come from?</td>
<td>Employee feeds data under perspectives of Balanced Scorecard</td>
</tr>
<tr>
<td>4.</td>
<td>Rationale for introducing the measures</td>
<td>Benefits of Balanced Scorecard in measuring employees' performance</td>
</tr>
<tr>
<td>5.</td>
<td>Who will act on the data?</td>
<td>Employee himself</td>
</tr>
<tr>
<td>6.</td>
<td>When they become available?</td>
<td>At the joining and when financial year starts</td>
</tr>
<tr>
<td>7.</td>
<td>What they will do?</td>
<td>Help to achieve the targets and finding areas of improvement.</td>
</tr>
<tr>
<td>8.</td>
<td>Who will measure?</td>
<td>Immediate boss</td>
</tr>
<tr>
<td>9.</td>
<td>Place of designing of performance measures</td>
<td>Corporate office at Mumbai with the expertise knowledge of HR team and experts in finance, marketing, processes and operations.</td>
</tr>
</tbody>
</table>

Table 5 observes Balanced Scorecard as a system measuring employees' performance is properly planned. The table states that in ICICI bank, performance of employee is measured twice in a year. There is monthly
review of record of the employee. The data for measurement of performance comes from the perspectives of Balanced Scorecard and employee feeds the data. In this way, Balanced Scorecard facilitates self appraisal. Rationale to introduce the Balanced Scorecard is the benefits derived from it. After getting the results, employee himself acts on the data. They are available at the time of joining the job and at the end of the financial year. The data used helps the employee to achieve the targets and make improvements, if necessary. Performance Measurement System is designed at corporate office, Mumbai with the expertise knowledge of HR Teams, financial advisors, marketing experts and experts in processes and operations at ICICI bank.

To conclude, Balanced Scorecard facilitates measuring employees’ performance at ICICI bank. But there are certain limitations to Balanced Scorecard, which are observed during discussions, which may make its usage ineffective.

3.2.6 Limitations of Balanced Scorecard

After survey and going through literature, it was found that Balance Scorecard in ICICI bank suffered from some drawbacks. The important among these are:

1. It is difficult to integrate a company’s scorecard into its planning, budget and resource allocation, especially when scorecard metrics are changed.

2. Subjectivity may be involved in assigning weights to both financial and non financial measures on the basis of their importance to the bank. Moreover it is a complicated task.

3. A large number of both financial and non financial measures are to be included in Balanced Scorecard. The measures have to be continually modified on the basis of measurement feedback.

4. The stakeholders like creditors, debenture holders and shareholders of bank are interested in financial performance rather than operating performance. So management more emphasize on financial perspective making the scorecard imbalanced.
5. The new doctrine of Corporate Social Responsibility (CSR) has become widely accepted in business world today. It is the key to ensure that business makes its full contribution to agreed social goals. But this perspective is missing in Balanced Scorecard.

6. Cause and effect relationship is claimed by the founders of Balanced Scorecard, which states that relationship of learning and growth - efficient internal business process - efficient internal business processes - a high level of customer satisfaction - good financial results exist. But the authors did not make it clear that if financial performance is showing better results, it is the outcome of effective learning and growth only.

7. It is difficult to achieve balance between the financial and non-financial measures and bank does not adhere to the balancing act because of implementation problems.

8. Balanced Scorecard sometimes is given to the whole team, so it becomes difficult to measure the performance of the employee individually.

9. Problems faced during the implementation of Balanced Scorecard. Certain problems which are faced during its implementations are:
   1. Lack of resources both time and finance.
   2. Lack of management and employee support.
   3. Lack of clarity arising from large number of measures within each perspective.

To conclude, it is the art of the architect, the work force and the people performing, developing and implementing Balanced Scorecard. If proper work is done in measurement through Balanced Scorecard, it can be helpful in giving results in an accurate manner to make improvements in employees' performance in future.

Moreover, banking sector is a knowledge intensive industry. So the financial knowledge, intellectual resources and other intangible assets are very important. If banks do not correctly analyze the external environment, they can not give an accurate analysis of their strengths and weaknesses.
Further banks can not understand the opportunities and threats and face difficulties to survive in the fierce competition. In a nutshell, as we embark on the twenty-first century, managers are challenged by sweeping challenges in the global arena. Adding to these transitions in an economically interdependent world, a dynamic global business environment emerges. It is essential to understand the changing world and update the work force as per the requirements to have fruitful results for the benefit of individuals and the organization as well.