Chapter–VI

SUMMARY OF FINDINGS, CONCLUSIONS AND POLICY IMPLICATIONS
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The objective of the study is fulfilled in stages. At the first stage, the profile of the banks and the level of existence of Performance Management, cycle and system at the banks were discussed. At the second stage, the implementation of Performance Management and practices at the banks were examined. At the third stage, the consequences of Performance Management Practices at banks were analysed. At the last stage, the impact of Performance Management Practices on the various consequences of Performance Management Practices were evaluated along with the barriers of the effectiveness of Performance Management Practices.

The confined objectives of the present study are i) to reveal the profile of the banks ii) to exhibit the level of existence of Performance Management cycle and system at banks iii) to study the level of implementation of Performance Management Practices at the banks iv) to examine the various effectiveness of Performance Management Practices at the banks v) to evaluate the impact of implementation of Performance Management Practices on various effectiveness and vi) to analyze the barriers to avail the effectiveness of Performance Management Practices at banks.
Since the present study is completely based on the primary data, a special case was taken to design the questionnaire. The questionnaire consists of four important parts. The first part covers the profile of the banks whereas the second part includes the existence of Performance Management cycle and the system at banks. The third part of the questionnaire focuses on the implementation of Performance Management Practices whereas the fourth part of the questionnaire includes the consequences of the Performance Management Practices and barriers to assess the effectiveness of the Performance Management Practices.

The relevant variables are drawn from the review of previous studies and analyze the view of experts in the field. A pilot study was conducted among 50 managers of the commercial banks located at Madurai city. Based on their feedback, certain additions, detections, modifications and simplifications were carried out to prepare the final draft of the questionnaire. All the 282 commercial banks in Madurai district were included as the sample of the study. From each bank, three employees (consisting of one manager, one assistant manager and one bank staff) were selected to represent their banks. Hence the sample size of the study came to 846 banks. The response rate on the questionnaire among the employees came to 75.53 per cent to the total. The final sample included for the study was 639 employees. The mean score of the view on various aspects in Performance Management among the employees in a particular branch was treated
as the score on the various aspects in Performance Management at the particular branch.

The collected data were processed with the help of appropriate statistical tools. The analysis and interpretation of results were discussed and presented in the previous chapters. The summary of findings, conclusions and suggestions are given in this chapter.

**SUMMARY OF FINDINGS**

The summary of findings of the study are present below:

**Descriptive Statistics**

The number of public sector banks is higher than the number of private sector banks. The important nature of branch among the banks is urban branches. The important number of employees per branch in bank is above 11 and 5 to 8. The number of employees per branch in public sector banks is higher than that in private sector banks. The important number of departments per branch in banks is 5 to 6 and above 8 departments. The number of departments per branch in public sector banks is greater than that in private sector banks.

The important annual transaction per branch among banks are 201 to 280 crores and Rs.281 to 360 crores. The annual transaction per branch is higher at the public sector banks than that at private sector banks. The important numbers of
customers per branch in banks are above 2000 and 1501 to 2000. The number of customers per branch is higher in public sector banks than that in private sector banks. The important years of establishment of branch is above 20 years. The years of establishment of a branch in public sector banks is higher than that in private sector banks.

**Stages of Performance Management Cycle in Banks**

The existence of the stages of Performance Management cycle in banks has been measured with the help of 28 variables. The Important Stages Of Performance Management Cycle (ISPMC) noticed by factor analysis are Performance Planning, Measurement Of Performance, Coaching, Documentation and Performance Review. The highly existing variables are Development Programmes and Conferences respectively. The significant difference among the private and public sector banks has been noticed in the level of existence of all variables in Performance Planning. The included variables in Performance Planning explain it to a reliable extent. The level of existence of Performance Planning in private sector banks is higher than that in public sector banks.

The level of existence of Performance Measurement at banks has been measured with the help of six variables. The highly viewed variable in Performance Measurement at private and public sector banks is organization of work load and timely service to clients respectively. Regarding the level of
existence of variables in Performance Measurement, the significant difference among the private and public sector banks has been noticed in the case of all six variables. The level of existence of Performance Management in private sector banks is higher than that in public sector banks.

The level of existence of Coaching in banks is measured with the help of five variables. The highly existing variable in working at private and public sector banks is reaffirming the employees value and discussing progress respectively. Regarding the level of existence of Coaching, the significant difference among the private and public sector banks has been noticed in the case of four out of five variables in Coaching. The level of existence of Coaching is higher at private sector banks than that at public sector banks. The highly existing variable in documentation at the private and public sector banks are review of work completed and self reported progress update respectively. Regarding the view on variables in Coaching, the significant difference among the private and public sector banks have been noticed in all five variables in it. The level of existence of documentation is higher at the private sector banks than that at the public sector banks.

The existence of Performance Review has been examined with the help of five variables. The highly existing variable in Performance Review at the private and public sector banks are recognizing the performance and preparing the
meeting respectively. Regarding the level of existence variable in Performance Review, the significant difference among the private and public sector banks has been noticed in the case of four out of five variables in it. The level of existence of Performance Review is higher at the private sector banks than that at the public sector banks.

The highly existing important stages of Performance Management cycle at the private sector banks are Performance Measurement and Documentation whereas at the public sector banks, these are Performance Planning and Documentation. Regarding the level of existence of stages of Performance Management Cycle, the significant difference among the private and public sector banks has been noticed in the case of existence of Performance Planning, Performance Measurement and Documentation. The significantly associating important profile variables with the level of existence of stages of Performance Management Cycle are number of employees in branch and year of establishment of branch. The important discriminant stages of Performance Management Cycle in private and public sector banks are existence of Performance Measurement and Documentation which are higher at private sector banks than that at public sector banks.
Existence of Performance Management System at Banks

The level of existence of Performance Management System at banks have been measured with the help of 24 variables. The Important Performance Management Systems (IPMS) noticed by the factor analysis are Support and Development System, Planning System, Assessment System and Recording and Recognition System. The Support and Development System consists of seven variables in it the highly existing variables are Support and Development System Private and Public Sector Banks and Training and Feedback guidance respectively. Regarding the level of existence of variables in Support and Development Plan, the significant differences exist in the case of six out of seven variables in it. The level of existence of Support and Development System is noticed as higher at private sector banks than that in public sector banks.

The level of existence of Planning System in banks has been measured with the help of six variables. The highly existing variable in Planning System at private and public sector banks are team development and assigning the budget respectively. Regarding the implementation of variables in Planning System, a significant difference among the two groups of banks has been noticed in the case of six variables. The level of existence of Planning System is higher at private sector banks than that at public sector banks.
The existence of Assessment System in banks has been measured with the help of six variables. The highly existing variables in Assessment System at private and public sector banks are Self Assessment and manager assessment respectively. Regarding the level of existence of variables in Assessment System, the significant differences among the two groups of banks are noticed in the case of all variables included in the Assessment System. The level of existence of the Assessment System at private sector banks is higher than that at public sector banks.

The level of existence of Rewarding and Recognition System (RRS) is measured with the help of five variables. The highly existing variables in this RRS at private and public sector banks are salary linked with performance and welfare facilities respectively. There is no significant difference among the private and public sector banks regarding the level of implementation of variables in Rewarding and Recognition System. The level of existence of Rewarding and Recognition System is more or less similar in both the groups of banks.

The higher level of existence of Performance Management System at the private sector banks is seen in the case of Assessment and Planning System whereas in public sector banks, these two are Rewarding and Recognition System and Planning System. Regarding the level of existence of Performance Management System, the significant difference among the private and public
sector banks has been noticed in the case of three sub systems. The significantly associating important profile variables regarding the level of existence of sub system are number of employees, customers in branch and annual transactions. The important discriminant sub systems among the private and public sector banks are existence of Support and Development System and Assessment System which are higher at the private sector banks than those at public sector banks.

**Implementation of Performance Management Practices at Banks**

The implementation of Performance Management Practices at banks has been examined with the help of fifty four variables. The narrated important Performance Management Practices assessed with the help of by factor analysis are Performance Management System, Performance Management Programmes, key Performance Criteria, Self Evaluation, Training, Recognition and Reward, Superior Role, Performance Improvement Plan and Annual Performance Evaluation. The implementation of Performance Management System (PMS) has been examined with the help of seven variables. The highly implemented variables in PMS at the private and public sector banks are Consistency In Rating and Employee Accountability respectively. The significant difference among the private and public sector banks has been noticed in case of four out of seven variables in PMS. The level of implementation of PMS is higher at public sector banks.
The highly implemented variable in Performance Management Programmes at the private and public sector banks is Feedback/Coaching. The significant difference among the private and public sector banks has been noticed in the implementation of three out of seven variables in them. The level of implementation of Performance Management Programmes is higher at private sector banks than that at public sector banks. The highly implemented variable in Key Performance Criteria (KPC) at the private and public sector banks are motivation and dependability respectively. There is no significant difference among the private and public sector banks regarding the level of implementation of variables in KPC. The level of implementation of KPC is slightly higher in public sector banks than that in private sector banks.

The implementation of Self Evaluation (SE) in banks has been measured with the help of six variables. The highly implemented variables in SE at private and public sector banks are understanding organization mission and application of SWOT respectively. Regarding the implementation of variables in SE, the significant difference among the two groups of banks has been noticed in the case of five out of six variables in it. The level of implementation of self evaluation is noticed as higher in public sector banks than that in private sector banks.

The highly implemented variables in Training at the private and public sector banks are performance Coaching and performance investment plans
respectively. Regarding the level of implementation of variables in Training, the significant difference among the private and public sector banks has been noticed in the case of all six variables in it. The level of implementation of Training at the private sector banks is higher than that at the public sector banks.

The implementation of Recognition and Reward (RR) in the banks has been studied with the help of six variables. The highly implemented variable in RR at the private and public sector banks is award to performer. The significant difference among the private and public sector banks has been noticed in the implementation of all six variables in it. The level of implementation of RR is higher in the private sector banks than that in public sector banks.

The highly implemented variables in supervisor role at the private and public sector banks are providing on-going feedback and Coaching to enrich performance respectively. Significant difference among the private and public sector banks has been noticed in the implementation of three out of five variables in it. The level of assigning superior role is higher in private sector banks than that in public sector banks.

The implementation of Performance Improvement Plan (PIP) has been studied with the help of five variables. The highly implemented variables in PIP at the private and public sector banks are competency development and management by objectives respectively. There is no significant difference among the private
and public sector banks regarding the level of implementation of variables in PIP. The level of implementation of PIP is more or less similar at private and public sector banks.

The highly implemented variable in Annual Performance Evaluation (APE) at private and public sector banks is forced ranking. The significant difference among the two groups of banks has been noticed in the implementation of four out of five variables in APE. The rate of implementation of APE is higher at private sector banks than that at public sector banks. The highly implemented Performance Management Practices at private sector banks are Training and annual performance evaluation whereas at the public sector banks, these two are self evaluation and key performance criteria. The significant difference among the private and public sector banks has been noticed in the case of six out of nine Performance Management Practices.

The significantly associating profile variables regarding the level of implementation of Performance Management Practices at banks are annual transactions, and years of establishment of branch. The important discriminant Performance Management Practices among the private and public sector banks are annual performance evaluation and Performance Management System which are higher at private sector banks than those at the public sector banks.
Effectiveness of Performance Management Practices at Banks

The effectiveness of Performance Management Practices at banks has been examined with the help of interactional justice, Employee Performance, organizational performance, Service Quality Management, Learning and Growth, and Managerial Effectiveness. The level of interactional justice is measured with the help of eight variables. The highly viewed variables in interactional justice at private and public sector banks are dignity and organizational commitment respectively. Regarding the view on variables in interactional justice, the significant difference among the private and public sector banks is noticed in the case of five out of eight variables in it. The level of interactional justice in the private sector banks is higher than that in the public sector banks.

The level of Employee Performance in banks has been measured with the help of ten variables. The highly viewed variables in Employee Performance at private and public sector banks are enrichment of job planning and enrichment of job knowledge respectively. Regarding the view on variables in Employee Performance, the significant difference among the private and public sector banks have been noticed in the case of eight out of ten variables in it. The level of Employee Performance in private sector banks is higher than that in the public sectors.
The highly viewed variables in Organizational Performance at the private and public sector banks are shareholders value and lending quality respectively. The significant difference among the private and public sector banks has been noticed in the existence of six out of twelve variables in it. The level of existence of organizational performance is higher at the private sector banks than that at public sector banks. The Service Quality Management (SQM) in banks has been measured with the help of twelve variables. The highly viewed variable in private and public sector banks has been noticed in the case of five out of twelve variables in it. The level of existence of SQM is higher at private sector banks than that at public sector banks.

The level of existence of Learning and Growth in banks has been measured with the help of ten variables. The highly existing variables in Learning and Growth at private and public sector banks are increase the employees’ capabilities and employee engagement respectively. Regarding the level of existence of variables in Learning and Growth, the significant difference among the private and public sector banks has been noticed in the case of all ten variables. The level of existence of Learning and Growth is noticed as higher at the private sector banks than at the public sector banks.

The level of existence of Managerial Effectiveness in banks has been measured with the help of twelve variables. The highly existing variable in
Managerial Effectiveness at the private and public sector banks is identifying top talents. The significant difference between the private and public sector banks have been noticed in the case of eleven out of twelve variables in it. The level of existence of Managerial Effectiveness is noticed to be higher in private sector banks than that in public sector banks.

The highly existing consequences of Performance Management Practices at the private sector banks are Service Quality Management and Learning and Growth whereas at the public sector banks, these are Organizational Performance and Service Quality Management. The significant difference among the private and public sector banks have been noticed in the case of Employee Performance, Service Quality Management, Learning and Growth and Managerial Effectiveness. The significantly associating important profile variables regarding the level of consequences of Performance Management Practices are number of employees in a branch, annual transactions, and number of departments in the branch. The important discriminant consequences of Performance Management Practices in the private and public sector banks are Managerial Effectiveness and Service Quality Management which are higher at the private sector banks than that at the public sector banks. The overall effectiveness of Performance Management Practices is noticed to be higher at the private sector banks than that at the public sector banks.
Impact of Performance Management Practices (PMP) on the Interactional Justice

At the private sector banks, the significantly and positively influencing Performance Management Practices on the interactional justice are Performance Management System, Performance Management Programmes, Training and Recognition and Reward whereas at the public sector banks, these are Performance Management Programmes, Training, Recognition and Reward and annual performance evaluation. The role of impact of RMPs is higher at the private sector banks than that at public sector banks.

The significantly influencing Performance Management Practices on the Employee Performance at private sector banks are Performance Management System, Performance Management Programmes, key performance criteria, self evaluation and Training whereas at public sector banks, these are Performance Management Programmes, Training and Recognition and Reward. The rate of impact of important Performance Management Practices on the Employee Performance at a higher rate are compared with those in public sector banks.

At the private sector banks, the significantly influencing Performance Management Practices in organizational performance are Performance Management System, key performance criteria, and Training and annual performance evaluation whereas at the public sector banks, these are Performance Management System and self evaluation. The rate of impact of Performance
Management Practices on the organizational performance is noticed as higher in the private sector banks than that in public sector banks.

The significantly influencing Performance Management Practices on the level of Service Quality Management in the private sector banks are Performance Management System, Performance Management Programmes, Training, Recognition and Reward and performance improvement plan. In the public sector banks these are key performance criteria, self evaluation Training, and Recognition and Reward. The rate of impact of Performance Management Practices on the Service Quality Management at the private sector banks are higher than those in the public sector banks.

At the private sector banks, the significantly influencing Performance Management Practices on the Learning and Growth are Performance Management System, Performance Management Programmes, Recognition and Reward and annual performance evaluation whereas at the public sector banks are Performance Management System, self evaluation, Recognition and Reward and performance improvement plan. The degree of impact of Performance Management Practices on the level of leaning and growth are noticed to be higher in private sector banks than those in the public sector banks.

The significantly influencing Performance Management Practices on the level of Managerial Effectiveness at private sector banks are Performance
Management System, Performance Management Programmes, self evaluation, Training and Recognition and Reward whereas at the public sector banks, these are Performance Management System, self evaluation, Training and Recognition and Reward. The higher role of impact of Performance Management, practices on the level of Managerial Effectiveness have been noticed in the case of private sector banks than those at public sector banks.

**Barriers of Effectiveness of Performance Management Practices**

The barriers to effectiveness of Performance Management Practices have been studied with the help of fourteen variables. The important barriers to effectiveness of Performance Management Practices found in the factor analysis are lack of system direction, Lack of Value, poor compliance and employee resistance. The view on lack of system direction is measured with the help of four variables. The highly viewed variables in lack of system direction at private and public sector banks are poor link between Performance Reviews and compensation, and lack of clarity respectively. The significant difference among the two groups of banks is noticed in the case of three out of four variables in it. The level of view on lack of system direction is higher at the public sector banks than that in private sector banks.

The view on variables in Lack of Value (LV) at the private and public sector banks are biased rating and faith in the rating system respectively. The
significant difference among the two groups of banks has been noticed in the case of all four variables in it. The level of view on Lack of Value is higher at the public sector banks than that at the private sector banks.

The view on variables in Poor Compliance has been measured with the help of three variables. The highly viewed variable in poor compliance at the private and public sector banks is difficulties to ensure usage are regarding the view on variables in poor compliance, the significant difference among the private and public sector banks has been noticed in the case of all three variables in it. The level of view on poor compliance is higher in the case of the public sector banks than that in private sector banks.

At the private and public sector banks, the highly viewed variables in Employees’ Resistance are resistance among the employees and intervention of trade union respectively. A significant difference among the private and public sector banks has been noticed in the view on all three variables in employees’ resistance. The level of view on Employees’ Resistance at the public sector banks is higher than that at private sector banks.

The highly viewed important barriers to effectiveness of Performance Management in banks at the private sector banks are poor compliance and Lack of Value whereas at the public sector banks, these are employee resistance and poor compliance. A significant difference among the private and public sector banks
has been noticed in the view on Lack of Value and employees resistance. The significantly associating profile variables with the level of view on important barrier are number of departments in the branch. The discriminant important barriers to the effectiveness of Performance Management among the private and public sector banks are their Employees’ Resistance which is higher at the private sector banks than that at the public sector banks.

**Impact of Barriers on the Overall Effectiveness of Performance Management**

The significantly affecting important barriers on the overall effectiveness of Performance Management Practices at the private sector banks are Lack of Value and Employees’ Resistance whereas at the public sector banks, these are Lack of Value, poor compliance and Employees’ Resistance. The degree of impact of barriers on the level of overall effectiveness of Performance Management Practices is noticed to be higher in public sector banks than that in the private sector banks.

**CONCLUDING REMARKS**

The level of existence of Performance Management cycle and system is higher at the private sector banks than that at public sector banks. The level of implementation of Performance Management Practices is also higher at private sector banks than that at public sector banks. The discriminant Performance Management Practices among the private and public sector banks are annual
performance evaluation and Performance Management System. All the consequences of Performance Management Practices are higher at the private sector banks compared to public sector banks. The significantly influencing Performance Management Practices on the consequences are implementation of Performance Management System programmes, Recognition and Reward, annual performance evaluation and Training. The rate of impact is higher at the private sector banks than that at public sector banks. The important barriers to the effectiveness of Performance Management Practices at banks are lack of system direction, Lack of Value, poor compliance and Employees’ Resistance. The Employees’ Resistance significantly affecting the overall effectiveness of Performance Management Practices is higher at public sector banks than that at the private sector banks.

POLICY IMPLICATIONS

Based on the findings of the study the following suggestions are made:

1. Integrated Performance Management Model

   The Performance Management model is a value adding process which links people and jobs to the strategy and objectives of the organization and a number of managerial planning. Measurement and control techniques, the integration of all functions are highly essential. The performance of employees must be linked to corporate objectives, measured and recognized. The planning, decision making
and control process must be based on performance information from Management Accounting System (MAS). The integrated model developed based on the study is given below.

2. Split Roles of Performance Evaluation Review

The success of the implementation of Performance Management highly depends on the employees’ view on the tie between their performance and their rewards. Since there is a significant linkage between the reward and performance of the employees continuously on the basis of the performance of their employees, here should be a split role of human resource management and human resource development.

3. TQM based HR Performance Evaluation System

The effectiveness of Performance Management Systems in its consequences is highly visible. There is a need for evaluation of the HR performance with the help of consistent and congruous of the system. For that, organizations are advised to implement the Total Quality Management principles and philosophy in the performance of management system. There is a need for all
staffs and departments regarding their involvement in the driving, steering and facilitating the Performance Management System in their organization.

4. Principles of the Performance Management System

The Performance Management System in commercial banks should focus on the customers’ aspirations, changing environment, market competition, organizational changes and the transparency of the system. For that they have to follow the principles of like business driven, team work, communication, development, transparency and consistence which aim at corporate and business goals.

5. Balance between Quantitative and Qualitative Performance

The performance evaluation in banks should help us to achieve some balance between the quantitative and qualitative aspects related to the performance of their employees. Banks are advised to use a variety of performance measures for all tasks that have to be carried out, Adequate safeguards against quantity indicators are needed to be developed. The soft aspects of performance should also be included in the Performance Management System. The external sources like stakeholders, external experts and client panels can be used to provide information on adequate performance measures.
6. Bold Aspirations

It refers to ensuring that the organization has a clean sense of direction that centrally includes coherence with the public service agreements and service delivery agreements. The measures then need to be smart and linked throughout the organization. There also needs to be a sense of ownership for every target either individually or collectively. The targets and the delivery of them must also be regularly and vigorously reviewed. The success in delivering targeted performance should result in reinforcement though incentives. The building blocks of the ‘bold aspirations’ needed for the bank is presented in the given Figure 6.1.

FIGURE 6.1
Building Blocks Need for the Bank

- Bold aspiration
- Coherent set of performance measures and demanding targets
- Clear accountability at an appropriate level
- Rigorous performance review
- Meaningful Re-inforcement
7. Organizational diamond for the Banks

Since the public sector banks are not up to the level of existence and implementation of Performance Management System and practices at their organizations, these are not equally performing on par with the private sector banks. Hence the public sector banks are advised to integrate the four organizational diamonds in order to enrich their performance. These are shown in the given Figure 6.2.

**FIGURE 6.2**

Organisational Diamonds to Enrich Performance

It shows the inter-dependencies of all the organizational diamonds in order to optimize the performance of the sub-system and then the total system in the organization.

8. Collaborative Performance Management

The findings of the study reveal that there is a need for the establishment of collaborative Performance Management in the commercial banks for their
organizational performance. The five main knowledge areas for the collaborative Performance Management are

a) Bank collaboration
b) Operations management and business powers management
c) Performance Management / management and decisions support
d) Information and communication management
e) Organizational behavior and knowledge management

9. Allocation of Sufficient Resources for Implementation

Since the proper and intense implementation of Performance Management Practices result in better performance of the employs and also banks, the banking authorities are advised to allocate sufficient funds for the implementation of Performance Management Practices at their banks. They should spend more on the establishment of the Performance Management System at their banks which will result in better earning to the banks.

10. Need for Management Commitment

It is observed that when management commitment and leadership are in favour of implementation and use of the Performance Management System the other organizational members will give less or no priority to working with the new system. Unless every member of the management team is propagating the importance of the system, especially the non financial improvement character of the new system, it will be seen as a new financial control tool and call up further
resistance. Hence there is a need for higher management commitment regarding this aspect.

11. Attitude towards the Performance Management System

Since there is a lot of resistance from the employees towards the establishment of new Performance Management System at banks, the bank managers are advised to remove the resistance from among the employees and make them accept the changes in the management systems. If the barriers of resistance from trade union are properly removed, the effectiveness of the Performance Management Practices may be enriched.

12. Regular updating on Performance Management Practices

In the case of implementation of Performance Management Practices a continuous updating is essential in order to stay aligned with changing banking environment. Since the levels of expectation of the customers and the competitors’ strategies are changing frequently appropriate strategies are essential for a better performance of the management. Hence the managers are advised to update it as per the banking environment.

SCOPE FOR FUTURE RESEARCH

The present study provides the base for many future research works. The scope of the study may be extended to various districts in Tamilnadu in future
research work. A comparative study of the Performance Management and its consequences at the banking and insurance sector may be taken up in future research work. The study on the problems encountered in the establishment of Performance Management System at various industries may be taken up in the near future. The effectiveness of Performance Management Practices on the organization may be studied in future. The mediator role of interactional justice between the Performance Management Practices and the organizational performance may be evaluated with the help of structural equation modeling in the future research work. The role and profile of companies and the rate of implementation of Performance Management Practices may also be studied separately.