Chapter-I
INTRODUCTION AND DESIGN OF THE STUDY
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INTRODUCTION

This study focuses on analyzing and exploring the impact of Performance Management System on banks’ performance. According to Chan and Lynn (1991)\(^1\), the organisational performance criteria should include not only profitability, productivity, marketing effectiveness, customer satisfaction, but also employees’ morale. In this perspective, employee performance is highly related to organisational performance, effective and efficient employee performance will positively influence organisational performance. On the other hand, Lebas (2007)\(^2\) built a framework of talent management, which consists of planning, recruiting, performance, learning, career development, succession planning, compensation, measuring and reporting. In order to organize a company effectively, companies must rethink how they hire, train and reward their employees so that the employees could be encouraged to be competitive. Undoubtedly, there is an important human factor in human organisations. One of the main management

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strategies of the organisations is to invest in employees. Organisations are seeking to develop, motivate and increase the performance of their employees in a variety of human resources applications (Gungor, 2011). Thus, Performance Management should be an important factor in an organisation’s HRM system which influences employees performance and then the organisational performance.

The reason for this research topic is, nowadays there are many organisations that rely on their employees for success and competitiveness. Employees are undoubtedly the resources and assets of an organisation. Consequently, organisations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees. There systems have come to play an indispensable role in helping organisations to reach their goals of productivity (Stevers & Joyce, 2000). In fact, human resource management practices could influence the behaviour of individual employees. The impact of Human Resources (HR) practices an employees’ commitment and

performance depends on employees’ perception and evaluation of these practices (Guest, 1999)\textsuperscript{5}.

Performance Management is a process for ensuring employee focus on their work in ways that contribute to achieving the organisation’s mission which is indispensable for a business organisation. Actually, Performance Management includes various types or system. The system is a kind of Performance Management form. Supervisors and managers are responsible for managing the performance of their employees. Each organisation’s policy should specify how the Performance Management System will be carried out. Organisations should adopt Performance Management Practices that are consistent with the requirements of this policy and that best fit the nature of the work performed and the mission of the organisation.

Therefore, it is important that this research is conducted, or expanded to understand employees’ experiences and perceptions of Performance Management and appraisal system so that a complete and comprehensive performance system could be built up. Moreover, it is important for employees and managers to understand that Performance Management and Performance Management Systems are the key determinants in an organisation’s long-term success or failure. If

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employees are not happy or do not agree with the Performance Management System, they are likely to be unwilling to take an active part in the process because they do not see any value in it. As a result, the organisational performance and productivity would decrease due to the inefficient employee performance. To conclude, this topic would be interesting and meaningful for any organisation because the performances of employees have a significant relationship with organisational performance. Also, understanding how HRM practices influence employee performance could help organisations to set up a better management system, and finally improve employee performance and consequently organisational performance.

**NEED FOR THE STUDY**

After globalization and liberalization, there has been a stiff competition in the Banking Industry. The entry of new private sector banks and foreign banks has led to cutthroat competition in the Banking Industry. Customers in the Banking Industry expect the service quality of their bankers to be on par with that in foreign banks. It is highly essential to provide better service to their customers and also increase the productivity of their employees at the banks in the present scenario of the Banking Industry. Hence, it is highly essential to evaluate the performance of the bank employees and also boost their productivity by providing proper training and coaching to them. The private banks are found not to be
waiting in this area since they are running their business with a profit motive. The problem arises in the case of public sector banks since they seek the welfare of their customers and are obliged to implement the Government schemes. So the public sector banks are struggling to maintain their market share and retain their growth rate in the market. Hence, it is essential to discuss the Performance Management of the banks in the study area for some policy implications. The present study has made an attempt in this vital area.

**STATEMENT OF THE PROBLEM**

Performance Management is important for an organisation, as it helps the organisation to ensure that employees are working hard to achieve the organisation’s mission and objectives. Performance Management sets expectations for employee performance and motivates employees to work hard in ways that are expected by the organisation. Moreover, Performance Management System provides a complete and professional management process for organisations to assess the performance results of organisations and employees. Employee performance could be expected, assessed and encouraged. Macky and Johnson (2000)\(^6\) pressed the importance of Performance Management System as a continuously improving organisational performance. Therefore, improving

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employee performance by using Performance Management System is a way to improve an organisation. In the banking sector, it is one of the important ways to increase the productivity of the employees and also the organisations through efficient usage of human resources in the banks. So in this present study, the extent of implementation of Performance Management Practices, the level of existence of Performance Management Cycle/system and its consequences on the performance of the banks were taken up.

**REVIEW OF LITERATURE**

Wright (2001)\(^7\) argues that people are an important resource, and like all resources they need to be managed properly so as to assist them to perform at their peak level. The success of an organisation does not depend on the resources at its disposal, but on how they are utilized. These resources need to be deployed, managed and controlled. According to Weinbach (2003)\(^8\) management is the realization of organisational goals through such activities as planning, organizing, leading and controlling organisational resources. Thus management has the responsibility to manage all these resources, including the human resources.

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The management of each of these components plays an important role in the overall functioning of the organisation, and the management of the human component is very important. Swanepoel (2003)\(^9\) confirms this by saying: “The employees’s performance behaviour at work and satisfaction levels have to be monitored and kept in line with the requirements of the organisation”. Smither (1998)\(^10\) describes work performance as the record of outcomes produced on a specific job function, activity or behaviour during a specified time period.

**PERFORMANCE MANAGEMENT-AN OVERVIEW**

The research also links HRM to organisational performance (Boselie, Paauwe & Lansen, 2001)\(^11\). There is obviously a link between HRM and Performance Management. Taking a Performance Management approach involves aligning HRM practices in such a way that they maximize current as well as future employees performance, which, in turn, is expected to affect organizational

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Performance. According to Roberts (2001)\textsuperscript{12} Performance Management involves the setting of corporate, departmental, team and individual objectives (sometimes labeled ‘policy deployment’ the cascading down of strategic objectives to a meaningful set of targets for every individual involved), the use of performance appraisal systems; appropriate reward strategies and plan, feedback; communication and coaching individual career planning mechanisms for monitoring the effectiveness of Performance Management System and interventions and even culture management. Thus, Performance Management involves the day-to-day management, as well as the support and development of people.

Performance Management involves aligning HRM practices so that employee performance and development are enhanced, with the aim to maximize organizational performance. However, such an integration of practices is not easy. Also, aligning practices directly involved in Performance Management also affects other practices, such as selection. The study involves organisational level HRM practices affecting individual performance, which, in turn, affects organizational performance. However, in research, the impact of individual and group performance on organizational performance is mostly assumed rather than tested.

Denisi (2000)\textsuperscript{13} holds the view that although performance at a higher level of analysis (e.g. the organization) is in part due to performance at lower level (e.g. individuals teams), it is often more than the simple sum of such performance at lower levels. Changing individual performance is often not enough to improve an organization performance. Vice versa, variables at the organizational level may constrain individual performance. Thus, to understand and change individual performance, one needs to understand the organisation context in which it occurs. Such organisational level variables are often left out of consideration in studies focusing on the individual level. And also it is noted that performance is both a multilevel and a cross-level phenomenon. Performance exists at different levels (e.g. individual group, organization) and although the models for performance at each of these levels are not completely identical, they are similar, which suggests performance can be seen as a multi-level construct. Performance is also across-level construct as performance at one level of analysis influences performance at other levels. Such influences can run both ways (e.g. individual performance can influence organizational performance and vice versa). HR-Performance Management aims at developing potential capabilities of human resource. The Performance Management must be in line with the company’s long-term policies

Performance Management involves managing employee efforts, based on measured performance outcomes. Therefore, determining what constitutes a good performance and how the different aspects of high performance can be measured are critical to the design of an effective Performance Management process. Performance Management effectiveness increases when there is an ongoing feedback. Behaviour-based measures are used as present goals and trained rates are employed (Lawler, 2003).

Performance Management: The Literature and Theoretical Background

Managing performance has been a very important issue for a long time. It has gained much attention recently due to a high competitive business environment. Especially when the popularity of Balanced Score Card calls for mechanism to cascade and is still the corporate strategy down through the organization and to ensure that strategy plan is actually implemented, Performance Management is one of the practices that assist an organization to link organisational goals to individual goals. That is, operational goals take the organisation’s strategies and translate them into specifics. Therefore, it facilities management alignment and buy-in by bringing all levels of management into operational

planning process giving employees a chance to help shape the plan (Aguilar, 2003). It focuses on ways to motivate employees to improve their performance (Denisi and Pritchard, 2006).

Nonetheless, Performance Management has been mistaken for performance evaluation. As a matter of fact, both performance and performance evaluation are related but they are not exactly the same concepts. Performance Management is a systematic process for improving organizational performance by developing the performance of individuals and terms. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirement (Armstrong, 2006). While performance evaluation is a process to assess and rate past performance of individuals or groups. Performance evaluation is just a part of Performance Management.


Fletcher (2001)\(^{19}\) has given a complete and comprehensive HR related Performance Management definition which is “an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee to understand and recognize his part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization”. Similarly, Performance Management is a management process for ensuring employees focusing on their work efforts in ways that contribute to achieving the organization’s mission. It consists of three phases: a) setting expectations for employees performance, b) maintaining a dialogue between supervisor and employee to keep performance on track and c) measuring actual performance relative to performance expectations. Armstrong and Baron (2004)\(^{20}\) defined Performance Management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.

“Performance Management is a process of designing and executing motivational strategies, interventions and drives with on objective to transform the raw potential of human resource into performance. All human beings possess potential within


themselves in a few or more functional areas. However, utilization and conversion of this potential into deliverable performance are often sub optimal due to a variety of reason. Performance Management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource” (Kandula, 2006)\(^{21}\). Bacal (1999)\(^{22}\) defines Performance Management as an ongoing communication process, undertaken in partnership, between an employees and his or her immediate supervisor that involves establishing clear expectations and understanding about the essential job functions of employees, how the employee’s job contributes to the goals of the organization; what doing the work well means in concrete terms; how employees and supervisor work together to sustain, improve, or build on existing employee performance; how Performance Management will be measured and identifying barriers to performance and removing them.

London, Mone, and Scott (2004)\(^{23}\) propose that there are several problems regarding using Performance Management which are 1) misuse of methods, poor program development, and lack of programme evaluation, 2) mismatch between

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Performance Management System and organisational context, 3) failure in choosing the right method for the right purpose i.e. using multisource rating for administration instead of development, 4) wrong criteria to evaluate Performance Management and 5) careless implementation with little attention to interpersonal dynamics and psychometric testing.

Performance Management reflects a paradigm shift from thinking of performance evaluation as a discrete event to a continuous process (Latham and Mann, 2006)\(^24\). Specifically, Performance Management encompasses the entire range of enhancing performance. It includes an approach to creating a shared vision of the organisational goals and objectives, aiding employees to understand and know their part in contributing to them and implementing a linkage between performance and reward (Fletcher, 1996)\(^25\). Overall, Performance Management aims to (Armstrong, 2006)\(^26\).

- Empower, motivate and reward the employees to do their best.
- Focus employee’s tasks on the right things and doing them right; align everyone’s individual goals to the goals of the organization.

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o Proactively manage the resource performance against agreed accountabilities and objectives.

o Align personal/individual objectives with those of the team, department and corporate plan.

o Make individuals to be clear about what they need to achieve and expected standards, and how that contributes to overall success of the organization.

o Provide regular, fair, accurate feedback and coaching to stretch and motivate employees to achieve their best.

o Maximize the potential of individuals and teams to benefit themselves and organizations.

Performance Management should not be viewed as a mechanistic system based on periodical formal evaluations and detailed documentation. It is an ongoing communication between the manager and employees. Effective Performance Management entails a process where employees are fully aware of their roles in the organization, the type of output expected, and how the output will be measured (Ramlall, 2003)\textsuperscript{27}.

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What is Performance Management?

Fletcher\textsuperscript{28}, as cited in Edmonstone (1996)\textsuperscript{29}, defines Performance Management as “an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization”.

The two terms “Performance Measurement” and “Performance Management” are often used interchangeably. However, it could be argued that performance measurement is the act of measuring the performance, whereas Performance Management aims to react to the “outcome” measure, using it in order to manage the performance. This is more clearly defined by Lebas (1995: 23-25)\textsuperscript{30}, as “Performance Measurement includes measures based on key success factors, measures for detection of deviations, measures to track past achievements, measures to describe the status potential, measures of output, measures of input, etc. and Performance Management involves training, team work, dialogue, 

management style, attitudes, shared vision, employee involvement, multi
competence, incentives, rewards, etc.”

Swanepoel (2003)\textsuperscript{31} states that it is important to distinguish Performance
Management from Performance Appraisal, as the former is a broader view of
Performance Appraisal where rating is de-emphasised. Fletcher’s definition, as
cited in Edmonstone (1996: 109)\textsuperscript{32}, differentiates Performance Management from
Performance Appraisal. Performance appraisal comes into the picture when
measuring individual performance, while Performance Management starts with the
organisation’s mission, vision and strategy until individual development plans are
put in place. Baron and Armstrong (1998: 38-39)\textsuperscript{33} emphasise the strategic and
integrated nature of Performance Management, which in their view focuses on
“increasing the effectiveness of organisations by improving the performance of the
people who work in them and by developing the capabilities of teams and
individual contributors”. Performance Management is defined by Armstrong
(2001:6) as a means of getting better results from a whole organisation by
understanding and managing within an agreed framework, performance of planned
goals standards and competence requirements.

23 (2), pp.38-41.
Performance Management is premised on the expectation that a continuous and integrated approach is needed to manage and reward performance. (Armostron and Murlis, 1994)\textsuperscript{34}. Various definitions of Performance Management are provided by different authors:

Armstrong and Murlis (1994:205) defined Performance Management as “...a process or set of processes for establishing shared understanding about what is to be achieved, and of managing and developing people in a way which increases the probability that it will be achieved in the short and longer term”.

Nel et al., (2008:493)\textsuperscript{35} define Performance Management as “...a holistic approach and process towards the effective management of individuals and groups to ensure that their shared goals, as well as the organisational strategic objectives are achieved”.

Bratton and Gold (2007)\textsuperscript{36} define the Performance Management as “...the set of interconnected practices which ensure that a person’s overall capabilities and potential are appraised, so that relevant goals can be set for work and


development and through assessment, data on work behaviour and performance can be collected and reviewed.”

Net et al., (2008)³⁷ view Performance Management as being concerned with “directing and supporting employees to work as effectively as possible in line with the needs of the organisation”. It is a process of performance planning (goal setting), performance monitoring and coaching, measuring (evaluating) individual performance linked to organisational goals, giving . . . feedback, rewarding . . . based on . . . achievements against set performance and required competences, and working out a plan for . . . development”. (Maiya et al., 2011)³⁸.

In this regard, Performance Management is a series of processes rather than a management system. “The key ideas of Performance Management are: the principal dimensions of a person’s work can be defined precisely in performance terms, allowing measurement over agreed periods of time that also take into account particular constrains within the situation of performance” (as cited by Bratton and Gold, 2007:275)³⁹.

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Bascal (1999:87)\textsuperscript{40} defines Performance Management as “an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about:

- The essential job functions the employee is expected to do
- How the employee’s job contributes to the goals of the organisation
- What doing the work well means in concrete terms
- How employees and supervisor will work together to sustain, improve or build on existing employee performance
- How Performance Management will be measured, and
- Identifying barriers to performance and removing them

**Essentials of Performance Management**

Performance Management deals with the challenge organisations face in defining, measuring and stimulating employee performance, with the ultimate goal of improving organisational performance. Performance Management has come to signify more than a list of singular practices. Rather, it is seen as an integrated process in which managers work with their employees to set expectations, measure and review results and reward performance, in order to improve employee’s performance, with the ultimate aim of positively affecting organisational success.

This same emphasis is found in the literature on strategies, Human Resource Management (HRM) emphasizing the importance of the so-called high performance work systems (Appelbaum et al., 2000).

According to Roberts (2001) Performance Management involves: the setting of corporate, departmental, team and individual objectives (sometimes labeled “policy deployment” the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems, appropriate reward strategies and schemes, training and development strategies and plans, feedback, communication and coaching; individual career planning; mechanisms for monitoring the effectiveness of Performance Management System; interventions and even culture management. Thus, Performance Management involves the day-to-day management, as well as the support and development of people. Therefore, a Performance Management System needs to be based on meaningful, realistic, attainable and measurable performance standards. These types of standards are set, so that there is no doubt


about whether the actual performance meets the standard or not. These standards emanate from a strategy, which is converted into plans and objectives for the future.

**NEED FOR PERFORMANCE MANAGEMENT SYSTEMS**

The goal of Performance Management is learning newer values for achieving long-term goals and objectives. Since learning is never done without errors, learning without measurement is not of any significance. While training has always been judged quantitatively, as companies seek to become ‘global’, it is imperative to measure it qualitatively also. Though the trainers are required to impart their skills and knowledge to their best, the net outcome is not satisfactory. Employees are not prepared to handle bigger responsibilities through training. On the other hand, Performance Management is like a good butler, which is more like coaching a company for bigger responsibilities.

In today’s competitive economic environment, the job of HR managers has become policing where the focus is not only on retaining highly performing employees, but also aligning employee performance to business goals. As such, companies need to create a professional environment and move the organisation towards better Performance Management Practices. Also while choosing rewards; companies do very little on their part to motivate their employees to work better. The best way to motivate employees is through Performance Management
Systems. Performance Management Systems, if implemented properly, will profoundly impact the success of an organisation.

The main purpose of the Performance Management System is to ensure that:

1. The work performed by employees accomplishes the work of the company.
2. Employees have a clear understanding of the quality and quantity of work expected from them.
3. Employees receive ongoing information about how effectively they are performing relative to expectations.
4. Awards and salary increases based on employees’ performance are distributed accordingly.
5. Opportunities for employee development are identified; and
6. Employee performance that does not meet expectations is addressed.

Developing a Performance Management System is essential for an organisation. Developing a Performance Management System, according to Schneier, Beatty and Baird (1987)\textsuperscript{44}, is classified into a development, planning, managing, reviewing and rewarding phase. In 2000 Macky and Johnson\textsuperscript{45}


suggested that a typical Performance Management System would include the organisation communicating its mission/strategies to its employees; the setting of individual performance targets to meet the employees individual team and ultimately the organisation’s mission/strategies, the regular appraisal of these individuals against the agreed set targets, use of the results for identification of development and/or for administrative decisions, and the continual review of the Performance Management System to ensure it continues to contribute to the organisational performance, ideally through consultation with employees.

Fletcher (1996) suggested that the main building blocks of a Performance Management System approach include development of the organisation’s mission and objectives, enhancing communication within the organisation so that employees are not only aware of the objectives and the business plan, but can contribute to their formulation; clarifying individual responsibilities and accountabilities; defining and measuring individual performance; implementing appropriate reward strategies, and developing staff to improve performance and their career progression further in the future.

**Performance Management System Approach**

Performance Management involves multiple levels of analysis, and is clearly linked to the topics studied in strategic HRM as well as performance appraisal. Different terms refer to Performance Management initiatives in
organisations, for example, performance-based budgeting, pay-for-performance, planning, programming and budgeting and management by objectives (Heinrich, 2002).  

Performance Management involves managing employee efforts, based on measured performance outcomes. Thus, determining what constitutes good performance and how the different aspects of high performance can be measured are critical to the design of an effective Performance Management process. These topics have been extensively studied in the area of Performance Management. Much of the Performance Management research stems from work and organisational psychology, where the accurate measurement of key aspects of employees performance has constituted an important research topic.

Rudman (2003) claims that Performance Management techniques can be categorized into either a people approach, whereby high performance can only be achieved through the right people, or into a process approach, whereby the best procedural system is determined and adopted. In reality there is a cross-over between the two approaches. He adds that for either approach to succeed, it must fit into the organisation’s culture. A Performance Management System, according

to Rudman, is increasingly seen as a means of integrating HRM activities working together to influence individual and collective behaviour to support the organisation’s strategy. The emphasis of Performance Management Systems is on continuously improving organisational performance, and this is achieved through improved individual employees’ performance (Macky & Johnson, 2000). 48.

**PERFORMANCE MANAGEMENT BENEFITS**

Performance Management reminds one that being busy is not the same as producing tangible results. It also reminds one that training, strong commitment and lots of hard work alone cannot guarantee results. The key role of Performance Management is its focus on achieving results. A well-implemented Performance Management process is beneficial to the company, its managers and employees.

The advantages given by O’Callaghan (2004) 49 include:

- Integration
- Open communication
- Improved performance
- Training and development
- Clarity of standards/requirements
- Placement of individuals
- Equitable remunerations

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Objective promotability and
Structured career planning

USE OF A PERFORMANCE MANAGEMENT SYSTEM

Bratton and Gold (2007)\textsuperscript{50} highlight the purposes as being controlling and administrative in nature as follows:

- The making of administrative decisions concerning pay, promotions and careers, and work responsibilities for control purpose.
- The improvement of performance through discussing development needs, identifying training opportunities and planning action for the development purpose.

The researchers Braton and Gold’s view is however limited. The basic aim of a PMS should be to create an organization within which the actions of its managers and employees are co-ordinated and directed towards the organizations provision of services and products that meet customer needs through continuous improvement of that organizations processes and its employees and managements skills and competencies (Armstrong and Murlis, 1994)\textsuperscript{51}. Thus PMS represents an organization’s drive towards a competitive advantage and achieving high

performance (i.e. quality products, improved output and efficiencies and lower costs).

**Performance Management Process**

Performance Management has come to signify more than a list of singular practices aimed to measure and adapt employees performance. Rather, it is seen as an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance, with the ultimate aim to positively affect the organizational success (e.g. Mondy, Noe & Premeaux, 2002)\(^52\). For example De Nisi (2000)\(^53\) holds the view that Performance Management refers to the range of activities engaged in by an organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness.

Baron and Armstrong (1998)\(^54\) emphasize the strategic and integrated nature of Performance Management, which, in their view, focuses on ‘increasing the effectiveness of organization by improving the performance of the people who work in them and by developing the capabilities of teams and individual

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contributors’. They see Performance Management as a continuous process involving performance reviews focusing on the future rather than the past.

The process of Performance Management clearly involves managing employees efforts based on measured performance outcomes. Thus, determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective Performance Management process.

Performance Management can at best be seen as a process that supports the achievement of business strategy through the integration of corporate, functional, departmental, team and individual objectives. Within this process, the organization establishes an environment that allows for clear communication of its mission and goals to employees and in which they are also encouraged to contribute to the formulation of these objectives (Armstrong and Murlis, 1994)\textsuperscript{55}. In this respect, Performance Management integrates both a top-to-bottom and a bottom-up approach to strategy formulation and implementation. As noted by Bratton and Gold (2007:278)\textsuperscript{56} “. . .the adoption of a PMS represents an attempt by an organization to show a strategic integration of HRM process, which can together be linked to the goals and direction of an organization”. This is similar to the

Performance Management framework presented by Armstrong and Murlis as shown (1994)\textsuperscript{57} below:

The Performance Management framework above is aligned to the PMS processes by Nel et al., (2008:493)\textsuperscript{58}, summarized into four main categories covering (i) performance planning, (ii) performance coaching and mentoring (iii) performance measurement and evaluation and (iv) performance feedback and documentation. Within these categories, the organization performs the following activities:

- Clarification and communication of organizational objectives.
- The alignment of individual and group goals with organizational objectives.
- The monitoring and measurement of individual and group performance.
- The early identification and reporting of deviations.
- The coaching and mentoring of individuals and groups.
- The review of individual and group performance, and the re-evaluation of organizational processes.

**Developing A Performance Management System**

Clear and detailed employee performance objectives play a crucial role in helping companies to perform in accordance with their business plan and achieve

their strategic goals. Performance objectives are a necessity in setting clear goals for employees. They also challenge staff members to achieve maximum results to promote business and make continuous improvements to meet the challenges and changing demands of the marketplace. Macky and Johnson (2000)\textsuperscript{59} suggest that a typical Performance Management System would include:

- The organization communicating its mission/strategies to its employees.
- The setting of individual performance targets to meet the employees’ individual team and ultimately the organization’s mission/strategies.
- The regular appraisal of these individuals against the agreed set targets.
- Use of the results for identification of development and/or for administrative decisions; and
- The continual review of the Performance Management System to ensure it continues to contribute to the organization’s performance, ideally through consultation with employees.

Fletcher (1996:118)\textsuperscript{60} suggests that the main building blocks of a Performance Management System approach include:


• Development of the organization’s mission and objectives.
• Enhancing communication within the organization so that employees are not only aware of the objectives and the business plan, but also can contribute to their formulation.
• Clarifying individual responsibilities and accountabilities.
• Defining and measuring individual performance.
• Implementing appropriate reward strategies and
• Developing staff to improve performance, and their career progression further in the future.

THEORETICAL MODEL FOR CONDUCTING A PERFORMANCE MANAGEMENT SYSTEM

According to Schneier, Beatty and Baird (1987:98)⁶¹, a Performance Management System is classified into development, planning, managing, reviewing and rewarding phase as seen in Figure 1.1. Clear and detailed employee performance objectives play a crucial role in helping companies to perform in accordance with their business plan and achieve their strategic goals.

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Phase-1 Developing and Planning Performance

Planning is the first step in the Performance Management Process Cycle and it provides the foundation for an effective process. Planning is a continuous process in Performance Management and should be executed with great care Schneier, et al., (1987)\textsuperscript{62}. Planning helps to encourage commitment and understanding by linking the employees’ work with the organization’s goals and objectives Schneier, et al., (1987)\textsuperscript{63}. Planning typically includes identifying key value drivers of stakeholders (stakeholders typically are the shareholders, customers and employees of the organization). Once the key value drivers are

\begin{itemize}
  \item Outlining development plans
  \item Setting objectives
  \item Getting commitment
\end{itemize}

\begin{itemize}
  \item Assess against objectives
  \item Feedback
  \item Coaching
\end{itemize}

\begin{itemize}
  \item Personal Development
  \item Link to pay
  \item Results = performance
\end{itemize}


\textsuperscript{63}. Schneier (1987),\textit{Ibid.}
identified (value drivers are the key aspects that create economic wealth for the key stakeholders, and can include profitability, quality service, training, etc.) the key performance objectives and action plans are put in place. In this planning phase, the supervisors and subordinates are involved in a joint participative process and set organization goals, as well as specific goals for an individual. Objectives, on the other hand, also create an environment in which an individual will be measured according to his or her own performance and output, with set standards for evaluation (Nyembezi, 2009).\(^{64}\)

Rogers and Hunter (1991)\(^ {65}\) have stated that goal setting is the fundamental aspect for an organisation. They have further indicated that productivity gains will correlate with the extent of top management support for employees’ participation in the process of setting objectives. It is a motivational process which also gives the individual the feeling of being involved and creates a sense of ownership for employees. The development plan can also include long-term development initiatives which are usually based on potential and good performance (Nyembezi, 2009).\(^ {66}\)

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66. Ibid.
According to Armstrong and Baron (2004) objectives (some organisations prefer to use “goals”) describe something to be accomplished by individuals, departments and organisations over a period of time. They can be expressed as targets to be met (such as sales) and tasks to be completed by specified dates. They can be work-related, referring to the results to be attained, or personal, taking the form of developmental objectives for individuals. Armstrong and Baron (2004) further state that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas all the aspects of the job that contribute to achieving its overall purpose. Then targets are set for each performance area. Part of the planning phase includes the agreement on a formal development plan for the employees. Typically this plan should be based on requisite skills, behaviour and knowledge (key competencies) that will be required to achieve the objectives and targets set.

**Phase 2-Managing Performance**

Managing is the second component of the Performance Management Cycle. This step distinguishes Performance Management as a process from performance

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68. Ibid.
appraisal as an activity (Schneier et al., 1987)\textsuperscript{69}. According to Schneier et al. (1987-98)\textsuperscript{70}, every employee is responsible for managing his or her own work performance. This involves: (1) maintaining a positive approach to work (2) updating and revising initial objectives, performance standards and job competency areas as conditions change, (3) requesting feedback from a supervisor (4) providing feedback to a supervisor, (5) suggesting career development experiences, and (6) employees and supervisors working together, managing the management process. According to the view of Fletcher, in the second stage, enhancing communication within an organisation is important for employees to be aware of the objectives and contribute to the future development.

Armstrong and Baron (2004)\textsuperscript{71} stress that at its best, Performance Management is a tool to ensure that managers manage effectively. This means (1) they ensure that the people or teams they manage know and understand what is expected of them, (2) have the skills and ability to deliver on these expectations, (3) are supported by the organisation to develop the capacity to meet these expectations and are given feedback on their performance, and (4) have the opportunity to discuss and contribute to individual and team aims and objectives. PMS is also about ensuring that managers themselves are aware of the impact of

\textsuperscript{70} Ibid.  
\textsuperscript{71} Armstrong and Baron (2004), \textit{Op.cit.}, p.35.
their own behaviour on the people they manage, and are encouraged to identify and exhibit positive behaviours (Armstrong and Baron, 2004). The actual performance is compared to the desired performance. Therefore the outcome is evaluated and a development plan is set according to the weakness with reference to the strategy. This also provides a feedback mechanism to employees. In order to improve the feedback and update and discuss initial objectives, the organization should also focus on communication among employees and between employees and managers. It is important for managers to develop a fully integrated strategy which enables the different forms of communication to contribute to the success of the firm’s mission or common goal (Marion, 1998). Moreover, continuous communication or exchanging information between an organization’s strategic managers and its internal stakeholders should be designed to promote commitment to the organization and the aware of its changing environment and understanding of its evolving aims (Welch & Jackson, 2007).

Performance Reviews can be regarded as learning events, in which individuals can be encouraged to think how and in which ways they want to develop. This can lead to the drawing up of a Personal Development Plan (PDP)

setting out the actions they propose to take (with the help of others, not least their managers) to develop themselves. To keep development separate from performance and salary discussions, development reviews may be held at other times, for example, on the anniversary of joining an organization (Teke, 2002)\textsuperscript{75}. Research by Ashford and Cummings (1983)\textsuperscript{76} demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behaviour reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). During the appraisal/review discussion, the manager needs to provide feedback without animosity, to praise as well as criticise, confront the employees constructively, listen effectively, and be sensitive to the situations the employee faces (Wells, 1982)\textsuperscript{77}. Similarly, according to Armstrong and Baron (2004)\textsuperscript{78}, the actual evaluated and a development plan is set based on the weakness. This comparative approach also provides a feedback mechanism to employees.

Additionally in this phase coaching is an important tool in learning and development. Coaching is developing a person’s skills and knowledge so that his or her job performance improves, leading to the achievement of the organizational objectives. Coaching is increasingly being recognized as a significant responsibility of line managers, and can play an important role in a PDP. Coaching can take place during the review meetings, but also and more importantly, should be carried out throughout the year. Cunneen (2006)\textsuperscript{79} stressed that coaching comes naturally, and could take place during the review meetings or should be carried out throughout the year. Also in this phase, training may be needed to improve their skills.

Managers should identify and implement training and other actions necessary to improve individual performance (Bevan and Thompson, 1991)\textsuperscript{80}. According to Armstrong (2004)\textsuperscript{81} Performance Management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Similarly Black, SE and Lynch,


\textsuperscript{81} Armstrong and Baron (2004), \textit{Op.cit.}, p.35.
LM (1996)\(^{82}\) suggest that the training courses that are offered by organizations must be designed through considering the present and future needs of the employees and facilitate the learning of these skills. A good training or coaching course should improve the quantity and quality of organizations output; increase the chance of organizational success decrease the organizational costs and expenses. Moreover coaching is increasingly being recognized as a significant responsibility of managers and can play an important role in an employees working life.

**Phase 3-Rewarding Performance**

According to Schneier, Beatty and Baird (1987)\(^{83}\) the Rewarding Performance phase includes three activities; personnel development, linking to pay and identifying the results or performance. In Rahdert’s (1960)\(^{84}\) view, the function of personnel development is that the growth of people can be accelerated over and above that which would take place naturally and normally, and then maximise the employees’ contribution to personal and group goals. Personnel development has some development principles. The first one is personnel

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involvement. All personnel development is basically self-development. Opportunity for development is valuable only if the individual capitalizes on it himself. In fact, the organization can and should offer encouragement and help, but development activities seem to be successful only to the degree that individuals become personally involved in them.

Second mutual objective. The premise of any development activity in an organisation, should be a clear understanding and acceptance of mutual objectives by both the individual and the organisation. If the objectives are understood and accepted, the efforts expended will be far more likely to succeed. The company should offer universal opportunity to every employee instead of single out a few of its people and make opportunities available only to them. In fact, it is difficult to make long-term predictions concerning the ambition, drive, and growth potential of individuals. The fourth principle is individual planning. Development is individual and should be tailored to fit the individual and the situation. Attempts to squeeze everyone into the same model may even prove a waste of effort. Moreover, development should be designed to improve performance on the current job first and then prepare the employees for promotion. Employees who get promoted are those who are currently doing outstanding work and thus have been able to demonstrate their capacity to assume greater responsibilities.
The next principle is continuity. If a man abandoned his efforts to keep updating skills or information, will become antiquated. Especially, nowadays, new knowledge and skills are constantly being introduced. Rahdert (1960)\textsuperscript{85} also points out the benefit of personnel development. For employees, if the individual skills or knowledge increase, he may create more value and as a result he may receive a sense of satisfaction in the achievement of personal goals and attainment of professional recognition. On the other hand, for an organisation, personnel development has competitive advantages because of a better qualified and a more highly motivated team, and is able to utilize advanced technology because of the effectively trained employees.

Furthermore, training activities should ideally be based on performance gaps that are identified during the performance review phase. By linking training to identified performance gaps, training will be focused, specific and relevant. As such, performance data should be a major input source of the annual training needs analysis. Teke (2002)\textsuperscript{86} suggests that relevant training/development interventions and regular performance feedback are important factors in skills retention. High achievers start to look elsewhere for opportunities if these are not present in their working environment. Therefore the training, development strategy and the

Performance Management Process should be closely aligned with the overall retention strategy of the organisation. Increasing emphasis on talent management also means that many organisations are re-defining Performance Management to align it to the need to identify, nurture and retain talent (Teke, 2002)\textsuperscript{87}. Development programmes are reflecting the needs of succession plans seeking to foster leadership skills. However, too much of an emphasis on talent management may be damaging to overall development needs, and every effort needs to be made to ensure that development is inclusive, accessible and focused on developing organisational capability (Teke, 2002)\textsuperscript{88}.

A commitment performance approach views employees as resources or assets, and values their voice. This practice contributes to enhancing the positive effects on employees’ attitudes of pay-for-performance (Huselid, 1995)\textsuperscript{89}. The interaction effects of pay-for-performance and commitment performance appraisal can be understood best when: 1. employees are most likely to perceive that pay differences are made fairly when they are provided with information regarding the appraisal process, 2. employees are allowed to discuss the appraisal results, 3. and also when employees believe that objective criteria were used in the appraisal process.

\begin{itemize}
  \item \textsuperscript{88} \textit{Ibid.}
\end{itemize}
decision. Moreover, strategic HRM has identified the effect as a bundle effect, because it occurs because of its consistency (Huselid, 1995).  

**RESEARCH GAP**

Eventhough, there are many studies related to Performance Management and its consequences in various fields, there is no exclusive study in the banking sector. And there is no study on the effectiveness of Performance Management Practices in the Banks at the Tamilnadu level. Hence, the present study has made an attempt to fill up the research gap with the help of the proposed research model.

**Proposed Research Model**

The proposed research model is given below:

**FIGURE 1.2**

Proposed Research Model

OBJECTIVES OF THE STUDY

Based on the proposed research model, the objectives of the study are confined

1. To reveal the profile of the banks.
2. To exhibit the level of existence of Performance Management Cycle and system at commercial banks.
3. To study the level of implementation of Performance Management Practices at banks.
4. To examine the effectiveness of Performance Management Practices at the banks.
5. To evaluate the impact of implementation of Performance Management Practices on various effectiveness and
6. To analyse the various barriers to avail the effectiveness of Performance Management Practices at banks.

HYPOTHESIS OF THE STUDY

Based on the objectives of the study, the following hypothesis are drawn:

1. There is no significant association between the profile of the banks and the level of existence of Performance Management Cycle, system and the level of implementation of Performance Management Practices at the banks.
2. There is no significant impact of implementation of Performance Management Practices on the various effectiveness of Performance Management Practices.

3. There is no significant association between the profile of banks and the view on various barriers in the effectiveness of Performance Management Practices.

METHODOLOGY OF THE STUDY

Research methodology is the way of systematically solving the research problem. It is a science of studying how research is conducted scientifically. The research methodology consists of research design, population of the study, sampling procedure, data collection, framework of analysis and limitations.

RESEARCH DESIGN OF THE STUDY

The research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, it is the conceptual structure with which research is conducted. It constitutes the blue print for the collection, measurement and analysis data. Since the present study focuses on the profile of banks and the bankers view on the level of existence of Performance Management Cycle/System, implementation of Performance Management Practices and its consequences, it is descriptive in nature.
POPULATION OF THE STUDY

The included data of the present study is drawn from a number of commercial banks at various blocks in Madurai district and Madurai city. These are presented in Table 1.1.

TABLE 1.1
Number of Bank Branches in Madurai District

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Blocks</th>
<th>Number of branches in</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>1.</td>
<td>Alanganallur</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2.</td>
<td>Chellampatti</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>3.</td>
<td>Kallikudi</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>4.</td>
<td>T.Kallupatti</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>5.</td>
<td>Kottampatti</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>6.</td>
<td>Madurai East</td>
<td>–</td>
<td>10</td>
</tr>
<tr>
<td>7.</td>
<td>Madurai West</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>8.</td>
<td>Melur</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>9.</td>
<td>Sedapatti</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>10.</td>
<td>Tirumangalam</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>11.</td>
<td>Tirupparankundram</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>12.</td>
<td>Usilampatti</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>13.</td>
<td>Vadipatti</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>14.</td>
<td>Madurai city</td>
<td>40</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>63</td>
<td>219</td>
</tr>
</tbody>
</table>

Source: Annual Credit Plan, 2011-12.
SAMPLING FRAMEWORK OF THE STUDY

All the 282 commercial banks in the district are included for the present study. From each branch, three employees consisting of one manager, one assistant manager/supervisor; and the clerks are purposely selected to study the existence of Performance Management Cycle, System, Practices in the Banks and also the effectiveness of Performance Management Practices. Hence, the number of sample size of the study came to 846 bank employees. The applied sampling procedure of the study is purposive sampling.

DATA COLLECTION

Since the present study is completely based on the primary data, a special care was taken to prepare the questionnaire. The questionnaire consists of four important parts. The first part covers the profile of the banks and the level of existence of Performance Management Cycle and system at banks. The second part focuses on the level of existence Performance Management Practices at the banks. The third part of the questionnaire includes the various consequences of the implementation of Performance Management Practices. The final part of the questionnaire includes the barriers in the effectiveness of Performance Management Practices in banks.

The relevant variables are drawn from the review of previous studies. A pilot study was conducted among the fifty bank managers in Madurai city. Based
on their feedback, certain additions, deletion, simplifications and modifications were carried out to prepare the final questionnaire for data collection.

**RESPONSE TO QUESTIONNAIRE**

The response rate to the questionnaire per branch varies from 1 to 3 employees per branch. The mean view on all aspects related to Performance Management among the respondent employees in the bank are treated as the level of existence of various aspects of Performance Management in that bank. The total response rate on the questionnaire among the bank employees came to 75.53 per cent to the total. Hence the included sample size of the study is 639 employees.

**FRAMEWORK OF ANALYSIS**

For analyzing the data collected during the investigation, the following statistical tools were used based upon the nature of data and relevance of the information required.

**t-test**

Several hypotheses in marketing are related to any parameters from two different groups. In order to find out the significant difference between two means related to any parameters, the ‘t’ test was applied (Chow et al., 1995)\(^91\). There is

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one condition on the nature of data. That is the data related to any parameter are in interval scale. The t-test can be calculated with

\[ t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}}} \times \sqrt{\frac{1}{n_1} + \frac{1}{n_2}} \]

with the degree of freedom of \((n_1 + n_2 - 2)\)

whereas

\( t \) = t-statistics
\( \overline{X}_1 \) = mean of the first sample
\( \overline{X}_2 \) = mean of the second sample
\( \sigma^2_1 \) = mean of the first sample
\( \sigma^2_2 \) = mean of the second sample
\( n_1 \) = number of samples in first group
\( n_2 \) = number of samples in second group

In the present study, the test was administered to find out the significant difference among the employees in private and public sector.

The test was administered to find out the significant difference among the private and public sector banks regarding the level of existence on various aspects related to Performance Management namely Performance Management Cycle, system, practices, consequences and barriers to effectiveness in commercial banks.
### Analysis of Variance (ANOVA)

Analysis of Variance is used for examining the differences in the mean values of the dependent variable associated with the effect of the controlled independent variables, after taking into account the influence of the uncontrolled independent variables. Essentially, ANOVA is used as a test of means of two or more populations. One-way Analysis of Variance involves only one categorical variable or a single factor. ANOVA is applied when the categorical variables in interval scale (Feick, 1984) are calculated.

\[
F \text{ ratio} = \frac{\text{Variance between groups}}{\text{Variance within groups}}
\]

It is called and compared with the respective table value of \( F \left[ \frac{(k-1)/(n-k+1)} \right] \) degree of freedom.

whereas

- \( k \) – number of groups and
- \( n \) – number of samples.

In the present study, the One Way Analysis of Variance has been used to examine the association between the profile of banks and the level of existence and implementation of various aspects of Performance Management and the effectiveness of Performance Management Practices.

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Multiple Regression Analysis

Multiple Regression analysis is used when there is one dependent variable and more than one independent variable. But these independent and dependent variables are in interval scale (Draper and Smith, 1998). The impact of independent variables on the dependent variable is measured with the help of multiple regressions. The fitted regression model in the present study is

\[ Y = a + b_1x_1 + b_2x_2 + \ldots + b_nx_n + e \]

Whereas

- \( Y \) = Dependent variables
- \( x_1, \ldots, x_n \) = Independent variables
- \( b_1, \ldots, b_n \) = Regression co-efficient of independent variables
- \( a \) = intercept and
- \( e \) = error term

The multiple regression analysis is applied to find out the impact of implementation of Performance Management Practices and their effectiveness.

Exploratory Factor Analysis (EFA)

Exploratory Factor Analysis is a general name denoting a class of procedures primarily used for data reduction and summarization. In marketing research, there may be a large number of variables most of which are correlated and which must be reduced to a manageable level. The relationship among sets of

many interrelated variables is examined and represented in terms of a few underlying factors (Mels et al., 1997). If the variables concluded in factor analysis are standardized, the factors model may be represented as:

\[ X_i = A_{i1}F_1 + A_{i2}F_2 + A_{i3}F_3 + \ldots + A_{im}F_m + V_iu_i \]

whereas

\( X_i \) = \( i^{th} \) standardized variable

\( A_{ij} \) = Standardized multiple regression co-efficient of variable on common factor j

\( F \) = Common factor

\( V_i \) = Standardized regression co-efficient of variable i on unique factor i

\( u_i \) = The unique factor for variable i

\( m \) = Number of common factors.

The unique factors are uncorrelated with each other and with the common factor. The common factors themselves can be expressed as linear combination of the observed variables (Aaker, 1997).

\[ F_i = W_{i1}X_1 + W_{i2}X_2 + \ldots + W_{ik}X_k \]

---


where
\[ F_i = \text{Estimate of } i^{th} \text{ factor} \]
\[ W_i = \text{Weight of factor score sufficient} \]
\[ X = \text{Number of variables} \]

The key statistics associated with factor analysis are as follows:

**Communality**

It is the amount of variance shares when all the other variables are considered. This is also the proportion of variance explained by the common factor.

**Eigen Value**

It represents the total variance explained by each factor.

**Factor Loading**

Factor loadings are simple correlations between the variables and the factors.

**Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy**

The KMO measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate that factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate (Ittner and Larcker, 1997)\(^\text{96}\).

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Factor Scores

Factor scores are composite scores estimated for each respondent on the desired factors.

Percent of Variance

This is the percentage of total variance attitude to each factor.

Reliability Co-efficient

It explains the reliability of the variables in each factor and also its internal consistency. It is also called Cronbach alpha (Nunnally, 1978).97

In the present study, the factor analysis has been applied to narrate:

i) The important Performance Management Cycle, system and practices and


Confirmatory Factor Analysis (CFA)

The Confirmatory Factor Analysis is a statistical tool which is used to test the reliability and validity of the variables included in each factor identified by the EFA. The important statistics drawn from the CFA are the standardized factor

loading of the variables, its ‘t’ statistics, composite reliability and average variance. These are computed for the purpose of testing the content, convergent, and discriminant validity of the factor extracted by EFA (Segars and Grover, 1993).\(^\text{98}\)

In the present study, the CFA is applied to test the reliability and validity of variables included in each construct developed in the study and also the factors extracted by EFA.

**Discriminant Analysis**

The Discriminant Analysis is used to identify the importance of discriminant variables in the discriminant functions. It is applied when the dependent variable is in nominal scale and the independent variables are in interval scale Tacq (1997).\(^\text{99}\) The discriminant analysis model involves linear combinations of the following form

\[
Z = b_0 + b_1x_1 + b_2x_2 + \ldots + b_nx_n
\]

where

- \(Z\) = Discriminate Score
- \(b_1 \ldots b_n\) = Discriminate co-efficients or weights

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\[ x_1 \ldots x_n = \text{Predictors or undependent variables} \]

The Wilks Lambda was calculated as a multi-variant group difference over discriminating variables. The higher Wilk’s Lambda indicates the lower is the discriminate power of the variables where the lower Wilk’s Lambda represents the higher discriminate power of the variable.

The relative discriminate power of the variables was calculated with

\[ I_j = k_j (\bar{X}_{j1} - \bar{X}_{j2}) \]

where

\[ I_j = \text{the important value of the } j^{th} \text{ variable} \]
\[ k_j = \text{unstandardized canonical discriminant co-efficient of the variable ‘} j \text{’} \]
\[ \bar{X}_{jk} = \text{mean of the } j^{th} \text{ variable for the } k^{th} \text{ group.} \]

The relative importance of the variable \( R_j \) is given by

The two group discriminate analysis have been administered to identify:

i) the important discriminant of Performance Management aspects in private and public sector banks.

8. Derivation of scores on various aspects in Performance Management at Banks

The score on the various aspects related to the implementation of Performance Management aspects at commercial banks is drawn from the mean score of the level of implementation of that at commercial banks as per the view of the employees in private and public sector banks.
LIMITATIONS OF THE STUDY

The present study is subject to the following limitations:

1. No scientific sampling procedure has been followed to identify and distribute the sample size.

2. The employees are selected on the personal judgement of the bank managers of various branches in the district.

3. The foreign banks are excluded from the present study since the size is too thin.

4. The impact analysis has been applied under the assumption that a linear relationship exists between the dependent and independent variables.

5. The mean score of the employee’s views on various variables in the implementation of Performance Management aspects at banks is considered as the score of implementation of those aspects at banks, and

6. The result of the study may be influenced by the personal and memory bias found among the customers.

CHAPTERISATION

For a clear presentation of the report, the study is presented in five chapters.
Chapter I includes introduction, need for the study, statement of the problem, related reviews, research gap, research model, objectives of the study, methodology, limitations and chapterisation of the study.

The Chapter II covers the theoretical framework of the study, the meaning, definitions, measurements, methods and variables related to each concept developed and used in the present study.

The Chapter III contains the profile of the bank and the level of existence of Performance Management Cycle and the systems at the commercial banks.

The Chapter IV explains the level of implementation of Performance Management Practices and its association with the profile of the banks.

The Chapter V discusses the various consequences of Performance Management Practices at the commercial banks Interactional Justice, Employees Performance, Organisational Performance, Service Quality Management Learning and Growth and Managerial Effectiveness and the discriminant consequences of Performance Management Practices among the private and public sector banks.


Chapter VI consists of summary of findings, conclusions, managerial implications and scope for future research.