CHAPTER - IV

POTENTIAL AND PERFORMANCE APPRAISAL
POTENTIAL AND PERFORMANCE APPRAISAL

POTENTIAL APPRAISAL

The term 'performance' normally denotes the past achievements, behaviour, activities carried out etc. As such performance appraisal is the evaluation of an employee in terms of his past achievement, behaviour, activities etc. In contrary to the term performance, the concept 'potential' normally denotes the power or resources existing in possibility but not in reality and which is not yet developed. Potentiality of a person may determine his performance but performance is not entirely potential. Thus potential appraisal is the evaluation of a candidate in terms of his power and resource against predetermined standards. Potential appraisal can be done with the help of various tests. Potential appraisal is followed mostly for assigning greater responsibilities or to prepare an employee for advancement or for promotion. Human resource development aims at the development of potentiality of employees and exploitation of potentialities to the full extent for effective performance of employees.

Table 4.1 present the opinions of management respondents of banks about the potential appraisal. It
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<th>S.NO.</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>The system provides for assessment of employee potentials in all areas</td>
<td>21</td>
<td>18</td>
<td>14</td>
<td>7</td>
<td>13</td>
</tr>
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<td>2</td>
<td>The system provides for exploiting employee potentials through selfmotivation, indicating the direction in which they can be used on the present job.</td>
<td>18</td>
<td>19</td>
<td>13</td>
<td>10</td>
<td>11</td>
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<tr>
<td>3</td>
<td>The system provides clear choice and directions to the appraisee and enables him to select and pursue his future careers.</td>
<td>13</td>
<td>16</td>
<td>18</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>4</td>
<td>The system provides choices and directions regarding potentials of the employees and helps the organisation to plan for career and succession development.</td>
<td>14</td>
<td>18</td>
<td>14</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>The system has scope for helping each employee to discover his potential.</td>
<td>16</td>
<td>14</td>
<td>18</td>
<td>12</td>
<td>31</td>
</tr>
<tr>
<td>6</td>
<td>The system (including feedback from superiors) provides awareness to the appraisee about his strengths and weaknesses.</td>
<td>18</td>
<td>19</td>
<td>18</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>The system (including feedback and counselling from superiors) enables the individual to identify the opportunities within and outside the organisation for his development.</td>
<td>17</td>
<td>18</td>
<td>16</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>8</td>
<td>The system helps/motivates the employee to make efforts to develop.</td>
<td>16</td>
<td>16</td>
<td>18</td>
<td>10</td>
<td>17</td>
</tr>
</tbody>
</table>

Note: Opinions to scale "3" are not taken into account hence totals do not tally.

Source: Primary Data.
is observed from the table that 65 per cent of the management respondents of State Bank of India, 74 per cent of the respondents of Bank of Baroda, 60 per cent respondents of Canara Bank, 43.33 per cent respondents of Andhra Bank and 26 per cent of the respondents of Vysya Bank feel that the potential appraisal system provides for the assessment of employee potentials in all areas.

The potential appraisal system should provide scope for the exploitation of employee potentials to use them on the present job and improve on the job performance through self-motivation and direction. It is observed from the table that 61.67 per cent of the management representatives of State Bank of India, 82 per cent management representatives of Bank of Baroda, 65 per cent management representatives of Canara Bank, 43.33 per cent management representatives of Andhra Bank, and 40 per cent management representatives of Vysya Bank feel that the system provides for exploiting employee potentials through self motivation indicating the direction in which they can be used on the present job.

The potential appraisal system should also be useful to the employee in identifying his potentials and plan for his future career accordingly. It is clear from the table that 48.33 per cent of management representatives
of State Bank of India, 74 per cent of the management representatives of Bank of Baroda, 67.5 per cent management representatives of Canara Bank, 50 per cent of the management representatives of Andhra Bank and 35 per cent of the management representatives of Vysya Bank feel that the system enables for the clear choices and directions to the appraisee and enables him to select and pursue his future career.

The potential appraisal system should also help the organisation in identifying the employee potentials and plan for career and succession development. It is observed from the table that most of the management representatives of Bank of Baroda (82 per cent) and Canara Bank (62.5 per cent) compared to State Bank of India (53.33 per cent), Andhra Bank (43.33 per cent) and Vysya Bank (35 per cent) feel that the system provides choices and directions regarding potentials of the employee and helps the organisation to plan for career and succession development.

The potential appraisal system should help the employee to discover his potentialities, strength and weaknesses. Further the system should provide the employee the opportunities to utilise his potentialities and also to provide strength to protect himself from the threats
posed by the external environment of the organisation in order to help and motivate the employee for development. It is observed from the table that 70 per cent of the management representatives of Bank of Baroda and 57.50 per cent representatives of Canara Bank feel that the system has the scope for helping each employee to discover his potentialities. However, this is not positive in State Bank of India (50 per cent), Andhra Bank (43.33 per cent) and Vysya Bank (35 per cent). The system should also provide for helping the employee to know his strengths and weaknesses. It is observed from the table that 61.67 per cent of management representatives of State Bank of India, 70 per cent representatives of Bank of Baroda and 57.5 per cent of Canara Bank feel that the system helps the employee in identifying his strength and weaknesses. Further majority of the management representatives of Bank of Baroda (68 per cent), State Bank of India (58.33 per cent) and Canara Bank (57.5 per cent) compared to other banks feel that the system helps the employee in identifying the opportunities offered and threats posed by the external environment for employee development. Consequently majority of the management representatives of Canara Bank (62.50 per cent), Bank of Baroda (56 per cent) and State Bank of India (53.33 per cent) compared to other banks express
their view that the system helps and motivates the employees to make efforts to develop.

PERFORMANCE APPRAISAL

Performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Often the term is confused with effort, which means energy expended and used in a wrong sense. Performance is always measured in terms of results. A student, for example, may exert a great deal of effort while preparing for the examination but may manage to get a poor grade. In this case the effort expended is high but performance is low. In order to find out whether an employee is worthy of continued employment or not, and if so, whether he should receive a bonus, a pay hike or a promotion, his performance needs to be evaluated from time to time. When properly conducted, performance appraisals not only make the employee know how well he is in performing his job but should also influence the employee's future level of
effort, activities, results and task direction. Under performance appraisal, we evaluate not only the performance of a worker but also his potentialities for development. Some of the important features of performance appraisal may be captured thus:

- performance appraisal is the systematic description of an employee's job and the relevant strength and weaknesses,
- the basic purpose is to find out how well the employee is performing the job and establishes a plan of improvement,
- appraisal process is always systematic in the sense that it tries to evaluate performance in the same manner using the same approach,
- appraisals are arranged periodically according to a definite plan,
- performance appraisal is not job evaluation. Performance appraisal refers to how well someone is doing an assigned job. Job evaluation determines how much a job is worth to the organisation and, therefore, what range of pay should be assigned to the job, and
- performance appraisal is a continuous process in every large scale organisation.
NEED FOR PERFORMANCE APPRAISAL

Performance appraisal is needed in order to:

1. provide information about the performance ranks basing on which decisions regarding salary fixation, confirmation, promotion, transfer and demotion are taken;

2. provide feedback information about the level of achievement and behaviour of subordinate. This information helps to review the performance of the subordinates, rectifying their performance deficiencies and to set new standards of work, if necessary;

3. provide information which helps to counsel the subordinates;

4. provide information to diagnose deficiency in employees regarding skill, knowledge, determine training and developmental needs and to prescribe the means for employees growth;

5. provides information for correcting placement; and

6. to prevent grievances and to set right the activities of indisciple.
PURPOSE OF PERFORMANCE APPRAISAL

Performance appraisal aims at attaining the different purposes. They are:

1. To create and maintain a satisfactory level of performance;
2. to contribute to the employee growth and development through training, self and management development programmes;
3. to help the superiors to have a proper understanding about their subordinates;
4. to guide according to the changes in job with the help of continuous ranking;
5. to facilitate fair and equitable compensation based on performance;
6. to facilitate for testing and validating selection tests, interview techniques by comparing their scores with the performance appraisal ranks;
7. to provide information for making decisions regarding lay off, retrenchment etc; and
8. to ensure organisational effectiveness through correcting employee for standard and improved performance and by suggesting the change in the employee behaviour.
WHAT IS TO BE APPRAISED?

Every organisation has to decide upon the content to be appraised before the programme is approved. Generally, content to be appraised is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organisational objectives (measures) like production, costs saving, return on capital etc. Other measures are based on:

1) behaviour which measures observable physical actions, movements etc,

ii) objectives which measure job related results like amount of deposits mobilised, and

iii) traits which are measured in terms of personal characteristics observable in employee's job activities.

Content to be appraised may vary with the purpose of appraisal and type and level of employees.

WHO WILL APPRAISE?

The appraiser may be any person who has thorough knowledge about the job content, contents to be appraised, standard of contents and the person who observes the
employee while performing a job. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgements without bias. Typical appraisers are: supervisors, peers, subordinates, employees themselves, users of services and consultants.

ESSENTIAL CHARACTERISTICS OF AN EFFECTIVE APPRAISAL SYSTEM

Performance appraisal system should be effective since number of crucial decisions are made on the basis of score or rating given by the appraiser, which in turn, is heavily based on the appraisal system. Appraisal system, to be effective, should possess the essential characteristics like (i) reliability and validity, (ii) job relatedness, (iii) standardisation, (iv) practical viability, (v) legal sanction, (vi) training for appraisers, (vii) open communication, (viii) employee access to results and (ix) due process.

i) **Reliability and Validity**: Appraisal system should provide consistent, reliable and valid information and data, which can be used to defend the organisation - even in legal challenges. If two appraisers are equally qualified and competent to appraise an employee with the help of same appraisal technique, their ratings should
agree with each other. Then the technique satisfies the conditions of inter-rater reliability. Appraisals must also satisfy the condition of validity by measuring what they are supposed to measure. For example, if appraisal is made for potential of an employee for promotion, it should supply the information and data relating to potentialities of the employee to take up higher responsibilities and carry on activities at higher level.

ii) Job relatedness: The appraisal technique should measure the performance and provide information in job related activities/areas.

iii) Standardisation: Appraisal forms, procedures, administration of techniques, ratings etc., should be standardised as appraisal decisions affect all employees of the group.

iv) Practical Viability: The techniques should be practically viable to administer, possible to implement and economical regarding cost aspect.

v) Legal Sanction: It should have compliance with the legal provisions concerned of the country.

vi) Training and Appraisers: Because appraisal is important and sometimes difficult, it would be useful to provide training to appraisers viz., some insights and ideas on rating, documenting appraisals, and conducting
appraisal interviews. Familiarity with rating errors can improve rater performance and this may inject the needed confidence in appraisers to look into performance ratings more objectively.

vii) **Open Communication**: Most employees want to know how well they are performing on the job. A good appraisal system provides the needed feedback on a continuing basis. The appraisal interviews should permit both parties to learn about the gaps and prepare themselves for future. To this end, managers should clearly explain their performance expectations to their subordinates in advance of the appraisals period. Once this is known it becomes easy for employees to learn about the yardsticks and, if possible, try to improve their performance in future.

viii) **Employee assess to results**: Employees should know the rules of the game. They should receive adequate feedback on their performance. If performance appraisals are meant for improving employee performance, then withholding appraisal results would not serve any purpose. Employees simply could not perform better without having access to this information. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. If they degrees with the evaluation, they can even challenge the same through formal channels.
ix) **Due Process** : It follows then that formal procedures should be developed to enable employees who disagree with appraisal results (which are considered to be inaccurate or unfair). They must have the means for pursuing their grievances and having them addressed objectively.

Performance appraisal should be used primarily to develop employees as valuable resources. Only then it would show promising results. When management used it as a whip or fails to understand its limitations, it fails. The key is not which form or which method is used (Mathis and Jackson).

**PERFORMANCE APPRAISAL IN BANKS**

Performance Appraisal systems have been introduced in various banks. The employees i.e., award staff, junior managers, middle managers and senior managers appraise themselves first and they will inturn be appraised next by their immediate superiors. The appraisal of the immediate superiors would normally be scrutinised by the departmental head concerned or by the next higher level executive. The performance appraisal systems of the State Bank of India, Bank of Baroda and Canara Bank are discussed hereunder.
State Bank of India had a performance method of confidential reporting. The management could appraise the performance of the employees based on this method when the bank was small in size. But it could not continue with the system with the increasing size of the bank and due to the limitations of the method.

The bank later developed a new HRD system which could facilitate the entire HRD process in the bank. The new appraisal system has the components like identification of key performance areas (KPA) and specific tasks by appraisees, description of the parameters to measure the performance, process of joint discussion by the appraiser and the appraisee, joint review of performance, identification of growth needs and counselling.

This performance appraisal system was introduced in Ahmadabad circle in 1981 on an experimental basis. This programme was reviewed later. The review indicated that the system helped in improving individual performance, resulted in greater involvement and commitment, easy achievement of goals by some branch managers, critical role to the regional managers in the process, free and open discussions, helping the branch managers in identifying their strength and weaknesses etc.
In view of the positive results of the experiment, the scope of the experiment is extended. The process of educating the persons covered by the experiment was gone through. Key Performance Areas (KPAs) were settled and at the end of the year there was a review of the whole process. The results of the extended experiment reveal that the persons felt that the process was cumbersome and tends to go in the way of regional manager. There were the possibilities to improve the relationships between superiors and subordinates. However, the HRD managers were confident of achieving the results.

There was nothing surprising in the review feedback. But what was disturbing was people's ambivalence. It was discovered that the impersonalisation would be the reason for it. The need, therefore, was to move towards greater humanisation.

State Bank of India finally introduced the performance appraisal system covering the entire bank discarding the confidential reporting system in 1986.

PERFORMANCE APPRAISAL SYSTEM IN BANK OF BARODA

Bank of Baroda had a traditional performance appraisal system which was heavily trait based prior to
1981. A new performance appraisal system was introduced from 1st January 1981 called 'Employee Performance Review' mainly focussing on employee development. The objectives of the system include the following:

i) Employee development through training and development, improving efficiency and effectiveness, review of self-development, and career planning;

ii) manpower planning for placement, job rotation, identification of exceptional talents, maintaining skill inventory data and managerial succession; and

iii) wage or salary administration through sanctioning of annual increment and crossing efficiency bar.

There are six types of performance appraisal forms as indicated below:

EPRF-1 : For officers at branches and accountants of branches where there is no third officer;

EPRF-2 : for officers at administrative offices;

EPRF-3 : for accountants and branch managers where there are three or more officers;

EPRF-4 : for executives such as regional managers and assistant general managers (other than at branches);
EPRF-5: for faculty members; and
EPRF-6: for self performance appraisal and recording.

These forms provide an employee an opportunity to communicate his needs, aspirations and achievements as felt and seen by him. The reviewing authority is expected to take necessary steps to use the data of self appraisal form.

When the immediate superior appraises the performance of his subordinate, the reviewing authority i.e., superiors' superior holds performance review meeting before the finalisation of the report with a view to develop mutual understanding and find out the means to improve performance.

The performance appraisal data is used for promotions. The weightage of marks given in the promotions vary from 10% in case of junior management to 30% for middle management scale II and scale III, 40% from middle management to senior management and 60% for one scale to another in senior management.

PERFORMANCE APPRAISAL SYSTEM IN CANARA BANK

In Canara Bank the following appraisal systems for the employees are introduced:
1. Executive Performance Appraisal System for Executives in Scale IV, V & VI,
2. Ongoing Performance Appraisal System for Officers in Scale I, II & III, and
3. half yearly Performance Appraisal for Workmen employees i.e., Award Staff.

The details of the systems pertaining to Officers are as follows.

1. **Executive Performance Appraisal System (EPAS)**: This system was introduced w.e.f. 01-04-1989 and is applicable to all Executives in the Scale IV, V & VI. There are two authorities for appraisal viz., the appraiser and the appraisee. Generally Deputy General Manager will be the appraiser for the Divisional Managers and Assistant General Managers and General Manager will be the appraiser for the Deputy General Managers. The appraisal process is annual covering the period April to March. The appraisal process involves:

   - **Self Goal Setting by the Appraisees and Confirmation of the goals by the Appraiser** - at the beginning of the financial year i.e., April.
   - **Submission of Self Appraisal by the Appraisee** - at the end of the financial year i.e., March.
2. **Ongoing Performance Appraisal System (OPAS)**: The Ongoing Performance Appraisal System was introduced w.e.f. 01-01-1986. The system has been rationalised over a period of time and has been linked to promotions from 1-4-1991 onwards. The details of the system are furnished below:

(a) **Objectives**: The Ongoing Performance Appraisal System has been designed to serve the following objectives:

i. Career Planning,
ii. Development & Training,
iii. Deployment,
iv. Counselling, and
v. Promotion.

(b) **Coverage & Periodicity**: The system covers all the confirmed officers in Junior Management Grade Scale I and Middle Management Grade Scale II and III. The appraisal is done annually for the financial year (April to March).

(c) **Parties to the Appraisal Process**:

- **Appraisee**: Officer to be appraised
- **Appraiser**: Officer who evaluates the performance of the appraisee
- **Reporting Authority (wherever exists)**: Officer to whom the appraisee reports but who is not the appraiser. (He is the authority in between the appraisee and appraiser)
Reviewing Authority - Officer who does the review of the appraisal

Appellate Authority - Officer designated for consideration and disposal of appeal of the appraisee.

(d) Process of Appraisal: The process of appraisal involves 4 stages such as

i) Goal Setting,
ii) Half Yearly Review,
iii) Appraisal,
iv) Performance Review.

(i) Goal Setting: Goal Setting or fixation of Key Responsibility Areas (KRA) is the primary process of Appraisal. Key Responsibility Areas are those which relate to functions/tasks/assignment/work which an Officer is entrusted to perform in the Department. Goal or objective setting is an important exercise in the appraisal system. It ensures job clarity, role clarity and helps to put in the efforts. Challenging, yet achievable, goals are set keeping in view the specific needs of the Branch/Section/Unit and overall corporate objectives.

The entire work/function of the Branch/Office are grouped under different KRAs and distributed among
the Officers so that each such work/function figures under the KRAs entrusted to one or the other officer.

An appraisee has to perform all the functions which are necessary for the accomplishment of KRAs.

(ii) **Half Yearly Review**: Wherever necessary the appraiser will review the performance of the appraisee at the end of half year. The appraiser discusses with the appraisee the shortcomings, if any in achieving the set goals and counselling will be done wherever necessary. However, there shall not be submission of any report by the appraisee and evaluation, awarding of marks, etc., by the appraiser.

(iii) **Appraisal**: At the end of the year the appraisee has to submit the performance appraisal report to the appraiser duly recording his performance. Wherever reporting authority is there, the appraisal has to be forwarded through him for his views/comments.

The appraisal performance will be made under the following parts:

<table>
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<tr>
<th>Marks allotted</th>
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<tr>
<td>I Performance under</td>
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<tr>
<td>a) Key Responsibility Areas</td>
</tr>
<tr>
<td>b) Additional Accomplishments</td>
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<tr>
<td>II Managerial Traits</td>
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<tr>
<td>III Potential Review</td>
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</tbody>
</table>
The appraisee has to record his performance only in respect of Part I and II.

The appraiser after appraising the performance, record his views/observations in the appraisal report, award the rating and forward the report to the reviewing authority.

(iv) **Performance Review**: On receipt of appraisal report from appraiser, the reviewing authority shall review the appraisal report taking into consideration the facts mentioned therein, the appraiser's rating and other facts on record which are relevant to KRAs/specific objectives. Thereafter the appraisal has to be objectively reviewed and reviewing authority has to confirm/change the marks awarded by the appraiser. After the review, suitable ratings has to be drawn and the same should be informed to the appraiser and appraisee.

The appraisee, if he so desires, can prefer an appeal to the appellate authority within 15 days of receipt of rating from the reviewing authority.

**RATING MATRIX**

The rating of the appraisee is done on the six point scale on the basis of marks secured by him under
Part I and Part II separately i.e., separate ratings for performance appraisal (Part I) and separate ratings for appraisal under managerial traits (Part II) will be awarded.

The appraiser awards the marks based on his judgement and on the following rating scale:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage of marks awarded</th>
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<tbody>
<tr>
<td>Excellent</td>
<td>Over 85% upto 90%</td>
</tr>
<tr>
<td>Superior</td>
<td>Over 80% upto 85%</td>
</tr>
<tr>
<td>Very Good</td>
<td>Over 65% upto 80%</td>
</tr>
<tr>
<td>Good</td>
<td>Over 50% upto 60%</td>
</tr>
<tr>
<td>Average</td>
<td>Over 40% upto 50%</td>
</tr>
<tr>
<td>Below Average</td>
<td>Below 40%</td>
</tr>
</tbody>
</table>

For promotion process marks secured under Part I shall alone be considered.

The Ongoing Performance Appraisal System goes beyond the process of actual performance appraisal. It facilitates effective communication, strengthens superior-subordinate relationship and helps in planning the work in tune with the organisational goals.

It is widely criticised that though Performance Appraisal system meets various organisational requirements, it would be difficult rather impossible to make use of the system in practice for the organisational purpose in view
of the various limitations. What should we think about a system, however valuable for meeting the organisational needs, which produces such results in a wide range of companies with a variety of appraisal systems. The problem is one which cannot be dismissed lightly.⁹

PERFORMANCE APPRAISAL SYSTEM IN THE SELECTED BANKS

In view of this background, an attempt is made to enquire into the system and practice of Performance Appraisal in the respondent banks with the help of opinions of employees as well as management representatives. Sixteen questions are structured to evaluate the performance appraisal system whereas fourteen questions are structured to evaluate the practice of performance appraisal in terms of assessing employee skill and knowledge and utility of the system particularly as a tool for identifying training needs.

The performance appraisal system is studied in terms of providing clear understanding to superiors as well as subordinates in terms of job expectations from the subordinates, providing an opportunity for discussion between appraiser and appraisee, providing scope for developing superior subordinate relationship, communicating strategies and policies, review of the process, scope for
self review and assessment, self direction to the appraisee for carrying out the job and his development as well.

The opinion of employees regarding the appraiser and the extent of openness in appraising the performance are solicited and presented in Table 4.2. It is observed from the table that 162 out of 180 employees of State Bank of India, 144 out of 150 of Bank of Baroda, 114 out of 120 of Canara Bank, 74 out of 90 of Andhra Bank and 54 out of 60 of Vysya Bank revealed that their immediate superiors appraise their performance while the remaining respondents, with an exception of Canara Bank, expressed that they appraise their own performance. In case of Canara Bank as many as 108 employees out of 120 felt that they appraise their performance in addition to being appraised by their superiors. This is the healthy sign of involving the employee to evaluate himself in addition to the superior evaluation.

Regarding the extent of openness, 50% of the employees of State Bank of India viewed that Performance appraisal was partially confidential whereas 33 out of 180 expressed that it was completely open. Majority of the employee respondents of Bank of Baroda (135 out of 150) viewed that performance appraisal was partially open. Majority of Canara Bank employees (88 out of 120)
### TABLE 4.2

**TYPES OF PERFORMANCE APPRAISERS**  
(RESPONSES OF EMPLOYEES)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Types of Performance Appraisers (Responses)</th>
<th>SBI</th>
<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB'</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Superiors</td>
<td>162</td>
<td>144</td>
<td>114</td>
<td>74</td>
<td>54</td>
</tr>
<tr>
<td>2.</td>
<td>Peers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3.</td>
<td>Subordinates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>Self</td>
<td>18</td>
<td>6</td>
<td>108</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>5.</td>
<td>Customers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Primary Data.
also viewed that the Performance Appraisal was partially open. Similar observation was also drawn from Andhra Bank. But majority of the Vysya Bank employee respondents felt that the performance appraisal in their bank is partially confidential. It is clear that the open appraisal system is essential for the contemporary banking sector which will maintain some confidential attitude in their performance appraisal system. This nature of confidentiality normally affects the system and the practice of performance appraisal in serving its purpose as a technique of HRD. Hence it is suggested that the banks should make their performance appraisal system completely open.

The opinions of employees and management respondents regarding the system and practice of performance appraisal are presented in Tables 4.3 and Table 4.4. It is observed from the tables that majority of State Bank of India respondents disagree with the statement that performance appraisal system provides an opportunity to have a clear understanding of what is expected of him by his superior. But majority of management respondents (40 out of 60) are in the feeling that employees in their bank have a clear understanding of what is expected of them. But majority of the employee representatives as well as management respondents of the Bank of Baroda felt


TABLE 4.3

OPINIONS OF EMPLOYEE RESPONDENTS ABOUT
THE EXTENT OF OPENNESS IN PERFORMANCE APPRAISAL

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Openness</th>
<th>SBI</th>
<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Completely confidential</td>
<td>12</td>
<td>-</td>
<td>8</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Completely open</td>
<td>33</td>
<td>10</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>3.</td>
<td>Partially Confidential</td>
<td>90</td>
<td>5</td>
<td>44</td>
<td>28</td>
<td>33</td>
</tr>
<tr>
<td>4.</td>
<td>Partially Open</td>
<td>45</td>
<td>135</td>
<td>88</td>
<td>46</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Primary Data.
1. The performance appraisal system in your bank provides an opportunity for each appraisee to have a clear understanding of what is expected from him by his reporting officer during the performance year.

2. The appraisal system helps both appraisee and appraiser to have a clear and joint understanding each appraisee's job.

3. It encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance and lines of development of the appraisee.

4. It provides an opportunity for a discussion between the appraiser and appraisee on the priorities, expectations, achievements, failures, constraints and improvements required.

5. The appraisal system develops superior-subordinate relationship through open communication and mutual trust.

6. It helps appraisee to gain interest and more insights into his strengths and weaknesses.

7. It has scope for communicating strategies, policies etc., to employees at all levels.

8. It has scope for correcting the bias of reporting officer through a review process.

9. It provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well.

10. It provides an opportunity for self review and relation.

### Table 4.4

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Statement</th>
<th>SBI</th>
<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1. The performance appraisal system in your bank provides an opportunity for each appraisee to have a clear understanding of what is expected from him by his reporting officer during the performance year.</td>
<td>3 6 135 24</td>
<td>21 38 67 24</td>
<td>18 25 34 43</td>
<td>11 25 31 23</td>
<td>-- -- 48 8</td>
</tr>
<tr>
<td>2</td>
<td>2. The appraisal system helps both appraisee and appraiser to have a clear and joint understanding each appraisee's job.</td>
<td>3 9 101 54</td>
<td>22 40 68 20</td>
<td>19 26 36 39</td>
<td>9 24 30 27</td>
<td>-- 3 38 18</td>
</tr>
<tr>
<td>3</td>
<td>3. It encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance and lines of development of the appraisee</td>
<td>6 15 105 42</td>
<td>18 38 71 23</td>
<td>21 24 37 38</td>
<td>8 21 30 31</td>
<td>-- 5 37 14</td>
</tr>
<tr>
<td>4</td>
<td>4. It provides an opportunity for a discussion between the appraiser and appraisee on the priorities, expectations, achievements, failures, constraints and improvements required</td>
<td>3 6 135 36</td>
<td>14 31 82 23</td>
<td>20 21 38 41</td>
<td>9 19 28 34</td>
<td>-- -- 48 12</td>
</tr>
<tr>
<td>5</td>
<td>5. The appraisal system develops superior-subordinate relationship through open communication and mutual trust</td>
<td>6 3 126 39</td>
<td>18 34 78 20</td>
<td>19 26 39 36</td>
<td>7 28 29 26</td>
<td>-- -- 44 13</td>
</tr>
<tr>
<td>6</td>
<td>6. It helps appraisee to gain interest and more insights into his strengths and weaknesses</td>
<td>12 12 144 12</td>
<td>17 38 71 24</td>
<td>22 24 41 33</td>
<td>8 26 26 30</td>
<td>-- -- 48 8</td>
</tr>
<tr>
<td>7</td>
<td>7. It has scope for communicating strategies, policies etc., to employees at all levels</td>
<td>15 18 144 3</td>
<td>21 31 68 20</td>
<td>18 23 40 39</td>
<td>10 24 24 72</td>
<td>-- -- 54 5</td>
</tr>
<tr>
<td>8</td>
<td>8. It has scope for correcting the bias of reporting officer through a review process</td>
<td>21 15 27 9</td>
<td>24 30 61 35</td>
<td>19 21 38 42</td>
<td>11 21 27 31</td>
<td>-- -- 12 10</td>
</tr>
<tr>
<td>9</td>
<td>9. It provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well</td>
<td>15 21 129 12</td>
<td>24 31 48 47</td>
<td>18 21 38 43</td>
<td>6 18 28 38</td>
<td>-- -- 55 4</td>
</tr>
<tr>
<td>10</td>
<td>10. It provides an opportunity for self review and relation</td>
<td>9 6 159 9</td>
<td>28 34 43 45</td>
<td>17 23 41 39</td>
<td>9 19 27 35</td>
<td>-- -- 56 3</td>
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</thead>
<tbody>
<tr>
<td>11. It has scope for reflection and assessment of each appraisee on the personality factors potentials and attitudes required for the current job.</td>
<td>21 15 - 135 6 34 29 - 48 35 16 22 - 39 43</td>
<td>7 19 - 28 36</td>
<td>- - 57 2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>12. It provides an opportunity for each appraisee to express his development needs</td>
<td>30 15 - 120 15 37 41 - 62 10 15 25 - 33 47</td>
<td>7 17 - 26 40</td>
<td>- 1 45 14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. It provides self motivational value through periodic appraisal for acquiring additional capabilities.</td>
<td>36 30 - 90 24 38 40 - 60 12 13 24 - 35 48</td>
<td>8 18 - 28 36</td>
<td>- 10 43 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. It provides awareness to the appraisee of the direction, areas and techniques which develop him in relation to present job.</td>
<td>30 12 - 120 18 35 43 - 55 17 17 21 - 36 46</td>
<td>6 17 - 28 39</td>
<td>- 14 46 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. The system helps the employee to know his strengths and weaknesses</td>
<td>30 24 - 90 36 30 48 - 58 14 16 23 - 34 47</td>
<td>9 16 - 27 38</td>
<td>8 10 - 32 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. The system helps/motivates the employee to make efforts to develop.</td>
<td>33 30 - 90 27 34 44 - 59 13 18 24 - 33 45</td>
<td>8 14 - 26 42</td>
<td>10 11 - 31 8</td>
<td></td>
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</tr>
</tbody>
</table>

Note: Opinions to scale '3' are not taken into account hence totals do not tally.

Source: Primary Data.
that the performance appraisal system doesn't provide an opportunity to the appraisee to have a clear understanding of what is expected of him. Similar observations are also drawn from Canara Bank, Andhra Bank and Vysya Bank.

Regarding the common understanding of the factors affecting the performance on the lines of the development of appraisee, majority of the employee representatives of State Bank of India do not feel that the appraisal system encourages employees in this regard. But majority of the management representatives expressed the opinions contrary to those of the employees. But both employee and management representatives of Bank of Baroda, Canara Bank, Andhra Bank and Vysya Bank feel that their appraisal system doesn't encourage the appraiser and appraisee in this regard.

The open appraisal system provides an adequate scope for discussion between appraiser and appraisee on the priorities, expectations, failures, constraints and improvements required. It is viewed by the management representatives of the State Bank of India that the Performance appraisal system of their bank provides an opportunity for discussion between appraiser and appraisee in this regard. But the employee respondents
of the same bank oppose the view of the management respondent. The majority of management and employee representatives of Bank of Baroda, Canara Bank, Andhra Bank and Vysya Bank (all employee respondents) expressed that the performance appraisal system of their bank do not provide an opportunity for discussion.

Performance appraisal system provides adequate scope for close interaction between superior-subordinate interaction through Performance Counselling and Performance Coaching in addition to setting standards jointly, evaluating the performance by both superior and subordinates, observing the causes for deviations and taking corrective action. Normally, development of superior-subordinate relationships is possible when the Performance appraisal system is open and depends on free and mutual communication and trust. It is observed from the table that though majority of the management respondents feel that their system contributes to superior-subordinate relations, majority of (165 out of 180) the employee respondents expressed that the system never contributed for the purpose.

Eventhough there is some amount of scope for superior-subordinate relationships in State Bank of India, it is absent in other banks in varying degrees, highest
being the Vysya Bank followed by Andhra Bank and lowest in Canara Bank following by Bank of Baroda.

The open appraisal system helps the employees to know about themselves thoroughly, their insights into the strength and weaknesses in various areas through continuous interaction with the superiors. It is observed from the Table 4.5 that more than two-thirds of the management respondents of State Bank of India expressed that the performance appraisal system helps the appraisee to gain interest and insights into his strength and weaknesses. But nearly four-fifths of the employee respondents do not agree with the views of the management respondents of the bank.

Both the respondents of Bank of Baroda, Canara Bank, Andhra Bank and Vysya Bank at varying degrees felt that the performance appraisal systems in their banks do not help the appraisees to have insights into their strength and weaknesses. However, it is an exception to the management respondents of Canara Bank in this regard.

The open performance appraisal system provides for free and two way communication between appraiser and appraisee. The superior communicates strategies, policies etc., to the subordinate and the subordinate communicates
TABLE 4.5
OPINIONS OF MANAGEMENT RESPONDENTS ABOUT THE HRD ORIENTATION OF PERFORMANCE APPRAISAL SYSTEM

<table>
<thead>
<tr>
<th>S.NO.</th>
<th>STATEMENT</th>
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<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The performance appraisal system in the bank provides an opportunity for each appraisee to have a clear understanding of what is expected from him by his reporting officer during the performance year.</td>
<td>24 16 - 14 6</td>
<td>8 11 - 21 10</td>
<td>8 11 - 14 7</td>
<td>4 7 - 8 11</td>
<td>4 4 - 6 6</td>
</tr>
<tr>
<td>2</td>
<td>The appraisal system helps both appraisee and appraiser to have a clear and joint understanding each appraisee's job</td>
<td>28 14 - 18 -</td>
<td>9 12 - 22 7</td>
<td>9 10 - 15 6</td>
<td>5 6 - 9 10</td>
<td>5 6 - 6 3</td>
</tr>
<tr>
<td>3</td>
<td>It encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance and lines of development of the appraisee</td>
<td>23 13 - 16 8</td>
<td>7 13 - 23 7</td>
<td>6 8 - 16 10</td>
<td>3 4 - 11 12</td>
<td>3 2 - 6 9</td>
</tr>
<tr>
<td>4</td>
<td>It provides an opportunity for a discussion between the appraiser and appraisee on the priorities, expectations, achievements, failures, constraints and improvements required</td>
<td>26 14 - 17 3</td>
<td>9 14 - 24 3</td>
<td>7 12 - 17 4</td>
<td>6 5 - 13 6</td>
<td>2 3 - 5 10</td>
</tr>
<tr>
<td>5</td>
<td>The appraisal system develops superior-subordinate relationship through open communication and mutual trust</td>
<td>24 18 - 14 4</td>
<td>8 13 - 21 8</td>
<td>8 11 - 16 17</td>
<td>4 6 - 12 8</td>
<td>1 2 - 6 11</td>
</tr>
<tr>
<td>6</td>
<td>It helps appraisee to gain interest and more insights into his strengths and weaknesses</td>
<td>26 16 - 13 5</td>
<td>7 14 - 22 7</td>
<td>9 10 - 18 3</td>
<td>3 7 - 11 9</td>
<td>4 3 - 7 6</td>
</tr>
<tr>
<td>7</td>
<td>It has scope for communicating strategies, policies etc., to employees at all levels</td>
<td>22 18 - 12 8</td>
<td>6 12 - 21 11</td>
<td>11 12 - 20 7</td>
<td>4 6 - 10 10</td>
<td>5 6 - 6 3</td>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. It has scope for correcting the bias of reporting officer through a review process</td>
<td>23</td>
<td>18</td>
<td>-14</td>
<td>5</td>
<td>9</td>
<td>14</td>
<td>-21</td>
</tr>
<tr>
<td>9. It provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well</td>
<td>26</td>
<td>17</td>
<td>-11</td>
<td>6</td>
<td>8</td>
<td>15</td>
<td>-22</td>
</tr>
<tr>
<td>10. It provides an opportunity for self review</td>
<td>28</td>
<td>16</td>
<td>-13</td>
<td>3</td>
<td>7</td>
<td>16</td>
<td>-20</td>
</tr>
<tr>
<td>11. It has scope for reflection and assessment of each appraisee on the personality factors, potentials and attitudes required for the current job.</td>
<td>24</td>
<td>14</td>
<td>-12</td>
<td>10</td>
<td>6</td>
<td>17</td>
<td>-23</td>
</tr>
</tbody>
</table>

Note: Opinions to scale '3' are not taken into account hence totals do not tally.

Source: Primary Data.
the superior regarding the support he needs from his superior to do the job effectively. Further the communication process helps the superior regarding ranking and the viewpoints of the subordinates about their performance. The Performance Counselling and Performance Coaching are also possible for free and two-way communication between the appraiser and appraisee. Such a vital subsystem of communication is very poorly received in almost all the banks as opined by the management and employee respondents of the respective banks at different degrees with an exception of the management representatives of State Bank of India who felt that their system has two-way communication. The employee respondents of Vysya Bank felt that their communication system is not two-way.

The appraiser is expected to appraise the performance judiciously and honestly without any bias. But the human is to err. Hence, the subordinate should have an opportunity to represent his feeling of biasness of the appraiser. The open system is an inbuilt with automatic and continuous review process. More than the two-thirds of the management representatives and majority of the employee respondents of State Bank of India expressed that their performance appraisal system is inbuilt with automatic review process. But both the respondents of
other banks with varying degree expressed that their system doesn't consist of a review process, with an exception being the employee respondents of Vysya Bank where all the respondents expressed the above opinion.

In spite of the limitations of the performance appraisal by the superiors and heads of the departments, self appraisal is practiced in many organisations. Self appraisal not only checks the biases of the appraisal by the superior but provides an opportunity to the subordinate to present his case and arguments. Hence, many organisations introduced self-appraisal in the total performance appraisal system. It is observed that respondents of various banks except those of management respondents of State Bank of India expressed that self appraisal is not a part of the total system of their banks.

Normally, the scope of performance appraisal is limited to the various tasks of the employees' jobs. But the employee's personality factors, potentialities and attitudes required for the current job are also assessed in order to find out the suitability the employee to the job. Evaluation based on these factors greatly helps for proper placement of the employee. Despite the vitality of this factor as a part of the performance appraisal system, it seems that more or less no bank has included this factor in their performance appraisal system.
Performance Appraisal provides an opportunity to appraise technical, managerial and behavioural skills of the subordinates. But it is observed that only some employee respondents of various banks felt that the performance appraisal system of their banks provides this opportunity.

The purpose of performance appraisal includes identification of the developmental needs, self-motivation, self-direction through knowing one's own strength and weaknesses and consequently making efforts for self development. The response of the employees in this regard is not presenting any rosy picture about the performance appraisal system of the banks.

As discussed earlier, the open performance appraisal system is endowed with adequate strength in order to help the employee to know better about himself and develop through self efforts in addition to the organisational efforts with an ultimate objective of contributing maximum to the organisational goals. But the above analysis reveal that such a system is not in existence in all the banks as is viewed by the majority of the respondents except the management respondents of State Bank of India, Bank of Baroda and Canara Bank, although the banks formulated an effective performance appraisal system.
This might be mostly due to the absence of effective communications system in the banks.

Hence, it is suggested that the banks should reorient their performance appraisal system not only towards open system but towards performance analyses system which views the employee as a potential human resource and also views the organisation as a flexible part of the total environment and communicate about the system to the employees at all levels.

The main objective of the performance appraisal system would be to identify the gaps between their job requirements and the employee competences in terms of technical, managerial and behavioural skills and knowledge with a view to identify the training needs. It is observed from the table that the responses of employee respondents of almost all the banks are discouraging in the sense that the employees felt that the performance appraisal system did not provide scope for the identification of differences between job requirements and employee competence. However, the responses of employees of Bank of Baroda and Canara Bank are encouraging compared to those of State Bank of India, Andhra Bank and Vysya Bank in the order of the degree of positive responses. Normally, employees are also allowed to participate in identifying
their training needs. But it is clear from the table that the respondent banks did not allow their employees to participate in identifying their training needs extensively.

After the identification of training needs, the performance appraisal system helps the banks to provide training in order to develop the employees to acquire technical, managerial and behavioural skills and knowledge to meet the job requirements. Employees are normally sponsored to the training programmes based on the training and developmental needs identified through performance appraisal system. Employees who are sponsored for various training programmes based on the developmental needs are relatively less in number than those who are sponsored otherwise in all the respondent banks. However, the trend is more positive in the case of Bank of Baroda and Canara Bank. Employees sponsored for training programme go with the clear understanding of the knowledge and skills expected to acquire from the training programme. But majority of the employees attend to the training programmes without clear understanding of the objective of performance appraisal. This type of practice tends to make the employees not to take the training programmes seriously. However, the employees may take the training programme
seriously, if the HRD department conducts briefing and
debriefing sessions for employees sponsored for training
programmes. But it is clear from the table that majority
of employees felt that they were not briefed about training
programmes by the HRD department and consequently majority
employees could not take the training programme seriously.
However, Bank of Baroda and Canara Bank are exceptions
to this observation.

Superiors and/or appraisers help the subordinates and/or appraisees in appraising their performance,
identifying their weaknesses/training needs, impart
various skills and knowledge about the training programmes,
the means of utilising the skills and knowledge acquired
during the training programme and the like. Help of
this kind enables the trainees to undergo training
effectively, apply the knowledge gained in the training
on the job and improve employees' behaviour and perfor-
mance significantly. Further, this process also improves
the quality of total training programme. It is viewed
from the table that most of the senior managers of all
the respondent banks did not help their subordinates during
pre and post training periods. Consequently the views
of majority of employees tended towards absence of signi-
ficant improvement in the performance of employees after
training, poor quality of the training programmes, absence of freedom to the employees to plan for improvements in the bank after training and the absence of change and development in the behaviour of the employee even after attending the training programme.

To sum up, most of the management respondents of the State Bank of India expressed that performance appraisal system is most relevant and useful for HRD in their bank whereas employee respondents have opined that it has relevance to a limited extent. Both management and employee respondents of the Bank of Baroda have expressed that it is to some extent relevant to HRD while the management respondents of Canara Bank and Andhra Bank viewed that its relevance to HRD is limited. But most of the employee respondents feel that it has no relevance.

REFERENCES


8. Adapted from "All about HRD Systems", Human Resources and Organisation Development Section", Canara Bank, Bangalore, 1992, pp. 60-68.