Chapter 5:
Performance appraisal of Selected Bank
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PERFORMANCE APPRAISAL OF THE SELECTED BANK

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INTRODUCTION

Human force has moved into the centre stage of banking in the recent years. Never before has the contribution of human resource to the success of banking has been subjected to so much of debate and discussion. This situation has developed as a result of some fundamental change that has taken place, the most important of which is the pervasive and intensive competition that Banks are facing today. To sustain the competitive advantage Bank must have a commitment for improvement, innovation & change and the most important catalyst towards developing these qualities are human resource and their capabilities. It has become very important for the Bank to recruit, care, train them on the ongoing basis to improve productivity, innovation and provide them conducive environment for personal growth. This makes the role of HRD ever so important in ensuring the success of business.

It is increasingly recognized that sound HRD policy of the Bank will be able to develop the competencies of the personnel in the right direction. Thus, the best people to evaluate the competencies of bank personnel are the bank executive themselves working at different levels both in branches and central offices. It is they who closely evaluate the working capabilities and also the behaviour of the subordinates. The executives of the Bank are responsible to maintain harmonious relations in the bank which help in achieving the targets laid down and to realize socio-economic development. This is possible only when they evaluate the competencies of their personnel (Rao, 1978) In this chapter various HRD practices (selected for the study) are discussed in relation with managerial effectiveness of selected Bank. It also
discusses various findings on the basis of objective and hypothesis of the study.

**ROLE DEVELOPMENT**

A person in an organization is surrounded by three other types of persons: Superior, Colleagues and subordinates. Besides, one has to interact with people from different positions, regulatory agencies and general public. Therefore, for success people must build pleasing and magnetic personality which helps in getting friendly cooperation from others. (Khera 1999).

The employee participation in decision making involves them in different HRD programs and also decision making processes and thus become part of the system in all aspects of the company’s operations. The real benefit of employee involvement can be derived only when their knowledge and competencies are continuously upgraded. They should not only be provided with opportunity for learning but also be involved in the activities where learning can be utilized. They should be able to study a sequence of operation tasks performed by them, plot on process analysis chart, find where problem exists, and make the needed improvement. (Reddy & Shanmugam, 1997).

Therefore it is in this context that present study has under taken role development as one of the dimensions of the HRD practices and it was found that both Bank of Baroda and HDFC bank follow role development practice. It is interesting to note that there is a significant difference in the practices followed by both the Bank. Bank of Baroda bank showed better role development practices than HDFC bank as is evident from the higher mean value of Bank of Baroda.

When the correlation between role development and dimensions of managerial effectiveness was performed it was found that in the HDFC bank role development was positively and significantly correlated with conflict
management and decision making aspect of managerial effectiveness indicates that if the employees are clear about the various roles and also the bank management take proper care of their development then the employees manage their conflict themselves and in an effective manner it also helps them to take right decisions. Whereas the Bank of Baroda showed positive and significant correlation with innovation and creativity, assessment of task, motivation, managing conflict, decision making and delegate this reveals that the in the Bank of Baroda the role development activities for employees are well planned and so it results in better managerial effectiveness as it has positive and significant correlation with more dimensions of managerial effectiveness as compared to HDFC Bank. Role development activities increases the motivation as the Hygiene theories says that working on motivational factor results in job satisfaction. It also leads to better creativity among the employees which is a competitive edge for the Bank of Baroda.

Role development has proved to be the predictor of organizing in the HDFC bank. It reflects that if the role developmental activities are followed in the right manner in the HDFC Bank it results in better organizing.

In the Bank of Baroda role development proved to be the predictor of innovation & creativity and also delegate this reflects that better role developmental activities leads to better creativity and delegation among the employees of the Bank of Baroda. It is interesting to note that in the present study role development proved to be a negative predictor of belief in subordinate in the Bank of Baroda this means that in the Bank of Baroda the role development practices should be designed in such a manner that it leads to a relationship of faith and trust among the superior and subordinates.

Thus it can be concluded that role development practices in the Bank should be implemented in accordance with the need of the employees that will result in better and more effective environment.
PERFORMANCE APPRAISAL

Performance appraisal constitutes an important tool of Human Resource Management. Employees performance at all levels have to be appraised on a continuous basis. Such appraisal is vital for the growth of both the organization and the employees. The organizations have realized the vital role of performance appraisal and as such have developed more reliable performance appraisal programmes (Arnold and Feldman, 1986)

Now a day’s organizations understand that performance appraisal as a corrective device and an essential tool for improving employee abilities and potential. The scientific and systematic performance appraisal recognizes and develops the performance of the employees as well as finds a suitable position where he can prove his efficiency in achieving the desired goals and objectives of the self and organization (Dudeja, 2000). It acts as an instrumental value for extracting the best from the individual employees towards the achievement of organizational goal.

The bank personnel should also plan their job in right direction for better performance. They should take performance appraisal system seriously. The employees should perceive the performance appraisal reports as an opportunity for future growth.

Therefore it is in this context that present study has under taken performance appraisal as one of the dimensions of the HRD practices and it was found that both public as well as Bank of Baroda follow performance appraisal practice. It is interesting to note that there is a significant difference in the practices followed by both the Banks s. Bank of Baroda showed better performance appraisal practices than HDFC Bank as is evident from the higher mean value of Bank of Baroda.
In the HDFC Bank dimensions of managerial effectiveness (decision making / problem solving and assessment of task) showed a positive and significant relationship with performance appraisal. It can be concluded that various aspects of performance appraisal followed by HDFC Bank leads better decision making and problem solving ability of the employees. In the Bank of Baroda performance appraisal features showed significant and positive correlation with nine dimensions of managerial effectiveness. This shows that in the Bank of Baroda performance appraisal is well linked with dimensions of managerial effectiveness this will lead to better performance, healthy relationship and conducive environment. Belief in subordinates was found to be significantly yet negatively correlated to performance appraisal. This indicates that the employees of the Bank of Baroda should try to build friendly, congenial as well as relationship of trust with the subordinates.

It was also found in the study that performance appraisal is a predictor of number of dimensions of managerial effectiveness like empowerment, example setting, training, motivation, decision making for both the Banks under study.

Therefore, the personnel of both the Banks have to understand that the performance appraisal system performs the vital role in improving the managerial effectiveness of the employees. It is an important source of competitive advantage in its own right, and requires due attention of HR professionals. The management of these Bank should develop more reliable performance appraisal programmes and let the employees understand the basic purpose of these appraisal programmes.

**PERFORMANCE COUNSELING**

Performance appraisal does not serve the purpose of developing employees unless an effective system of performance counseling is introduced and practiced in the organization. Performance counseling can be defined as
the help provided by a manager to his subordinates in analyzing their performance and other job behaviours in order to increase their job effectiveness. Performance counseling essentially focuses on the analysis of performance on the job, and on the identification of training needs for future improvement.

Performance counseling is a dyadic process. It is based on a relationship between two persons, a manager who is counseling and an employee who is a counselee it focus on establishing mutuality and confidentiality.

Performance counseling, (HRD practices), when comparison was drawn between Bank of Baroda and HDFC Bank the two Banks showed a significant difference. Performance counseling are performed in better manner in Bank of Baroda as is evident from higher mean value of Bank of Baroda.

Correlation analysis showed performance counseling is positively and significantly correlated to decision making; training and development aspect of managerial effectiveness assessment of task is significantly yet negatively correlated. This can be concluded that in the HDFC Bank performance counseling leads to better decision making by the managers because counseling can lead to change in horizon, better outlook, empathy which will help in better decision making. Performance counseling helps to know the training needs of the employees. Employee counseling can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career, people come across some problems either in their work or personal life and it starts influencing and affecting their performance and, increasing the stress levels of the individual. Counseling is about guiding, consoling, advising and
sharing and helping people to resolve their problems whenever the need arises. Counseling is used by the experts to analyze the work related performance and behaviour of the employees to help them cope with it, resolve the conflicts and tribulations and re-enforce the desired results. It can not only lead to better skill development but over all development of the employees that will help them to perform their job in more effective and efficient manner.

Bank of Baroda shows positive and significant correlation between performance counseling (dimension of HRD practices) and motivation and reinforcement, control functions, decision making, mutual understanding, assessment of task, training & development and discipline/example setting aspect of managerial effectiveness. This may indicate that counseling in Bank of Baroda leads to a better mutual understanding; right decision making and need oriented training programs are performed. It is very interesting to note that even though Bank of Baroda belief in subordinates is significantly yet negatively correlated to performance counseling. It can be said that both Banks should try to create a climate of trust and openness for effective counseling.

**POTENTIAL APPRAISAL**

In Indian organizations, it is normal practice to promote people on the basis of their past performance. Most of the organizations are hierarchical in nature. In such organizations, the functions and responsibilities depend upon the level at which the role is located in the organizational hierarchy. Employees have to perform all together different roles when they are promoted to new level. The past performance of an individual can only reflect whether he has been able to do the given job at a given level successfully or not and is an indicator of the future potential to the extent the two jobs are similar in functions.
It is with this inadequacy of the system of promotions based on performance appraisal, that a new system of developing employees for occupying higher positions has been developed and known as potential appraisal.

Therefore it is in this context that present study has undertaken potential appraisal as one of the dimensions of the HRD practices and it was found that both Bank of Baroda and HDFC Bank follow potential appraisal practice.

The Bank of Baroda, when compared with HDFC Bank on the factor of potential appraisal (HRD practice) showed significant difference between Bank of Baroda and HDFC Bank. Bank of Baroda showed higher mean value than HDFC Bank. The results indicate that potential appraisal are designed and performed in a better manner in Bank of Baroda than that of HDFC Bank. Pearson’s correlation coefficient analysis shows that potential appraisal is positively and significantly related to decision making dimension of managerial effectiveness and this shows that decision regarding potential appraisal of the HDFC Bank is in consensus with the employees.

Whereas client management and innovation and creativity are negatively related to potential appraisal and this shows that even when the employees are able to manage their clients in an effective manner this quality is not considered during their potential appraisal. As in the banking sector most of the jobs are monotonous and precise in nature place for innovation and creativity is very less that is why it shows a negative correlation between potential appraisal and innovation in the HDFC Bank as this talent is hardy utilized or considered important for future roles.

In the Bank of Baroda motivation and reinforcement, control functions, decision making, empowerment, assessment of tasks, mutual understanding,
discipline and example setting, managing conflict and training & development are positively and significantly correlated to potential appraisal aspect of HRD practices. This can be assumed that the potential appraisal of Bank of Baroda is formulated in such a manner that it helps in developing the managerial effectiveness. Superiors in the private sectors do not have much faith in their subordinates as it is reflected in the analysis that belief in subordinate is significantly yet negatively correlated to potential appraisal.

The multiple regressions showed that in the HDFC Bank potential appraisal proved to be positive predictor of organizing. This reflects a very good picture that various mechanisms, qualities and systems required for the operations of potential appraisal systems are there in the HDFC Bank and this can be concluded that potential appraisal if practiced in the proper manner in the HDFC Bank can lead to better employee’s efficiency and effectiveness.

In the Bank of Baroda potential appraisal proves to be positive predictor of control and training. This reflects that potential appraisal enhances better control system in the Bank of Baroda as superiors are aware about the various potentials of their employees. They can use these talents in the required manner and if the potentials are used effectively it gives way to better control. Another aspect of managerial effectiveness that proved potential appraisal as positive predictor was training in the Bank of Baroda. This reflects that appraisal systems should also provide training opportunities for developing the individual. Training department should also attempt to organize in company training whenever a sizeable number of employees have been found to lack certain common qualities. Training department should continuously analyse the potential appraisal data of the employees and design or sponsor them for training program on the basis of this analysis.
Hence the above discussion proves that potential appraisal if practiced in the right manner, can prove to be very effective in the development of the employees in person and Bank as a whole.

**CAREER PLANNING AND DEVELOPMENT**

Every employee aspires for the advancement of his career and better opportunity to use his talent. The career advancement is the most motivating factor for the personnel working in an organization. Career planning and development is helping the employees to plan his career in terms of his capabilities within the context of organizational needs. (Pareek & Rao, 1997) Management and career development programmes are aimed at the developing managers and educating all the personnel about the technical requirements of their jobs. These programmes are becoming more popular because organizations are aware of the need for competent and adaptable personnel at all levels. In addition, new jobs are opening up and employees need to develop themselves. A good management and career development programmes therefore, meets the needs of both the organization and the individual employees (French, 1997).

Therefore, it is in this context career planning was taken as one of the aspect of HRD practices. It was found in the present study that the career planning activities as are followed in the Bank of Baroda are better than that of the HDFC Bank one of the reasons could be that the promotions in the HDFC Bank are time bound and not on the basis of performance or the potential another reason could be that there is job security in HDFC Bank which hampers the desire of the employees for the career planning. Career planning showed a significant positive correlation with decision making, belief in subordinates in HDFC Bank and but it showed a negative significant correlation with innovation and creativity, assessment of task, example setting, client management, organizing and empowerment in HDFC Bank the
reason could be the negligence and non-existence of good career planning activities in the HDFC Bank since now the employees are very much aware of the various practices that are followed by their competitor and this leads to frustration and that is reflected in their productivity and effectiveness. This is further supported by multiple regression tests that career planning is determinant of belief in subordinates in HDFC Bank this means that if the superior perform proper career planning for the subordinates this will increase the mutual trust and understanding among the superior and subordinates. It also negatively determines the client management and organizing in HDFC Bank that implies that the employees feel that there is no career growth in their organization so they do not pay much attention to the client management which has a very lasting and negative impact on the development and growth of the bank.

The bank management should also realize the need for developing the capabilities of the employees and help them in planning their career in the right direction as per the 157 requirements of their job and aspirations. The bank employees should also be able to lay down their self-development needs. They should also possess the latest information regarding the career development opportunities in the bank.

**TRAINING**

The training and development encompass activities ranging from the acquisition of simple mechanical skill to a complex administrative skill. Through orientation programs, the organization has to mould and buildup favorable attitude among the employees toward the organization and its goals (Rao, 2003).

The well-planned organized systematic training and development programs increases the knowledge, skill, abilities and aptitude of the
employees to perform their present and future roles with confidence, efficiency and effectiveness (Dudeja, 2000).

In order to achieve effective job performance of employees, the organizations are setting up a separate cell for training and development as training is the most valuable road to improve job performance of personnel at different levels. The Banks have acknowledged the training as the means to develop their human resources. HRD in Bank have assumed increased importance in view of the vast expansion in the staff strength, branch network and the scope of banking activities witnessed in the recent times to keep pace with mounting expectations of the society from the Bank (Yatoo, 2001)

As the above discussion reveals the importance of training for the banking sector, the present study has taken training as one of the dimension of HRD practices. It was found through t-test that Bank of Baroda gives importance to training programs and there is hardly any difference in the mean value. HDFC Bank have training staff college with state of art facilities and the Bank send their employees regularly to these colleges for training where as Bank of Baroda has no staff college as such but they regularly organize training for their employees.

Training significantly correlate to decision making, managing conflict and T&D aspects of managerial effectiveness in the HDFC Bank this means that with proper training employees can make better decision and manage their conflict effectively but it is interesting to note that in the HDFC discipline and example setting and innovation and creativity is negatively correlated to training. This means that training hampers the creative skills of the managers in the HDFC Bank and so they should design their training programs to enhance the creativity of the employees.
In the Bank of Baroda motivation and reinforcement, control functions, decision making, mutual understanding, empowerment, training & development (dimensions of managerial effectiveness) are positively and significantly correlated to training (dimension of HRD practices). Belief in subordinate is negatively and significantly correlated to training. This shows that in the Bank of Baroda training programs are more organized and need oriented than HDFC Bank. It can be concluded that managers of the Bank of Baroda are trained in such a manner that there is an increase in their skills and they perform their jobs more effectively. This is further supported by A.K. Singh (2002) who conducted the study on Indian public and private sector organizations. According to him managerial effectiveness was positively and significantly correlated to training in the private organizations. He further suggests that more focus on training will positively affect the work values such as risk taking, autonomy, and personal development.

The regression analysis predict that in the HDFC Bank training is a negative predictor of client management this means that in the HDFC Bank training programs are not designed for client management or they should give more importance to client management training because client is reason for the survival of any bank.

In the Bank of Baroda training has proved as a positive predictor of conflict management by the employees and this means that the training given in the Bank of Baroda helps employees to manage their conflict in a better manner. It is interesting to note that training is the negative predictor of assessment of task in the Bank of Baroda and this gives scope for the Bank of Baroda to give right training to the employees regarding their tasks related issues.

Therefore to improve the overall managerial effectiveness, employees are required to effectively participate in the training and learning programs.
They should apply the new techniques learned on their jobs, discuss the learning objective with their colleagues and also the superiors. Even though they are performing the duties as per the job requirements but at the same time they ought to enhance their performance level so that they can compete in the modern banking industry.

**ORGANIZATIONAL DEVELOPMENT**

Organizational development is a planned effort, initiated by process specialist(s) to help an organization develop its diagnostic skills, coping capabilities, linkage strategies in the form of temporary and semi permanent systems, and culture of mutuality.’ (Pareek, 1978).

Therefore it is in this context that present study has under taken organizational development as one of the dimensions of the HRD practices and it was found that both public as well as Bank of Baroda follow organizational development practice. It is interesting to note that there is a significant difference in the practices followed by both the Banks. Bank of Baroda showed better organizational development practices than HDFC Bank as is evident from the higher mean value of Bank of Baroda.

When the correlation between organizational development and dimensions of managerial effectiveness was performed it was found that in the HDFC Bank it was positively and significantly related to decision making and T&D aspects of managerial effectiveness. This shows that in the HDFC Bank OD interventions are applied in such a manner that it increases the decision making capability of the employees. OD interventions are applied in Bank through effective training programs. Innovation and creativity discipline and example setting showed negative yet significant correlation with OD this reflects that in the HDFC Bank due to lot of government policies, rules and regulation OD is not able to enhance the innovating and creative skills of the managers. As far as discipline and example setting is concern in the HDFC
Bank job security to some extend allows to flout the discipline because they know nothing will happen to their jobs, therefore even the OD interventions are not able to give the desired results.

As far as Bank of Baroda are concern following dimensions of managerial effectiveness; motivating and reinforcing, managing conflict, empowerment, discipline and example setting, control function, decision making, mutual understanding showed positive correlation with organizational development. This suggests that in the Bank of Baroda OD plays an important role in motivating the employees because the motivated employee meets with all the challenges of the organization, helping them to manage their conflicts. In any organization conflicts are always there but how employees manage them or use this conflict effectively is taught by OD the data shows that OD practices in the Bank of Baroda are so designed that it trains the employees to manage their conflict effectively, better mutual understanding and decision making capabilities of the employees. As the employees have to take decision big or small at every day in their job at times they have no time to discuss with their superior and fellow colleagues and are required to take decision there and then. OD interventions prepare them for this type of situations but what is required by the Bank of Baroda are some OD interventions to improve the confidence and belief of the superiors in subordinates as the present data reveals that OD is significantly but negatively correlated to belief in subordinates. OD is now playing an increasing important role in helping the diagnosis of problems of human resource in the company, in taking steps to team building at various levels, in improving general morale and motivation of people and in developing healthy values and trying out various ways of solving problems plaguing the company.

The multiple regression showed that in the HDFC Bank organizational development proved to be negative predictor of innovation and creativity and
as well as of discipline and example setting therefore the HDFC Bank should design their OD interventions in such a manner that it even with the routine work their innovation and creative skills are enhanced. As far as discipline and example setting are concern even though there is job security, time bound promotions and transfers the OD interventions should be designed and practice in such a manner that discipline of HDFC Bank improves.

In the Bank of Baroda OD proves to be positive predictor of mutual understanding and this reflects that OD interventions in the Bank of Baroda enhances the mutual understanding among the employees which is really good for the organization as mutual understanding leads to better teamwork, group cohesiveness, helps them to meet challenges and competition collectively. OD proved to be negative predictor of innovation and creativity even in the Bank of Baroda.

Hence the above discussion proves that OD intervention if practiced in the right manner, at the right time and implemented by the right people can prove to be very effective in the development of the Bank as a whole and of the employees in person.
REFERENCES


