APPENDIX - IV
ABSTRACT
ABSTRACT

The appraisal of employee effectiveness is one of the most important managerial tasks carried out in organizations. Ideally, performance evaluations should reflect the performance levels of represented employees. Unfortunately, a variety of factors other than performance have the potential to influence appraisal efforts which may cause biased performance evaluations. If biased evaluations occur, the resulting appraisal accuracy is likely to be impaired and the benefits associated with an effective performance appraisal process may not be realized. Performance Appraisal System (PAS) as a tool of management has come to stay in the bank for quite sometime now. However, the perception of employees in the organisation officers and staff alike, in regard to the PAS as an effective instrument for helping people grow and develop in the organisational set-up and thereby contribute to the human resource development in the organisation appears to be obscure and loaded with apprehensions rather than confidence. The annual exercise of Performance appraisal in the Bank is generally perceived to be a virtual at its best or an engine of threat and punishment, as its worst by the appraisees as well as the appraisers. A critical evaluation of the PAS, as it is obtaining in the Bank vis-a-vis in expected and potential role in the human resource development, is therefore, considered to be necessary. In the bank, or as in any other organisation, PAS is designed and implemented with a view to promote and subserve certain specific objectives. This study endeavours to assess and estimate the role played by the PAS in achieving these objectives. The study attempts to probe into the strengths, weaknesses as also the opportunities and constraints of the existing system. It will also strive to evaluate the impact made by the PAS on the officers of the Bank through them on the organisation as a whole. The significance of this study can further be appreciated if it is kept in mind that the PAS is the only means through which the organisation communicate on an on-going basis to its employees as individuals. The system is thus
uniquely positioned to enable the organisation building up its man power resources by constantly tapping its human potentials and also by guarding against any slip-back by taking such measures as timely advice and counseling, training, change of environment through transfer/placement etc. The banks have come a long way from the one-sided 'confidential reports' of the yester years to the 'self-appraisals' and 'P.A. Reports' of the current times. As it is evident from the historical development of PAS in the bank, quite an amount of research and analysis has gone into the design, structure and operational procedures of the existing system in the Bank. As because the present system is not altogether free from its deficiencies and laconic, it is still undergoing a process of evolution and evaluation. The present study itself is a significant step in that direction.

**Purpose of the Study**

Performance Appraisal has been traditionally treated as a control mechanism to control employees through salary administration, reward administration, promotion and disciplinary action. In many organisations it is maintained in the confidential form, a senior employee rate Junior for his traits and performance. The ratings are not informed to the employees and only when the rating is below certain level it is informed. Such practices have been found to result in the following:

1. Employees never get to know their strengths and weaknesses in relation to their capabilities throughout their life in an organisation.

2. They are often taken by surprise because juniors overtake them in promotion and thus tend to attribute this to favouritism and poor personnel policies. Their moral is down they loose motivation and develop defensive mechanism.
In organisations where only poor performance, below a certain level, is informed the employees do not get to know their strengths and only get to know the weaknesses. The employees are informed of their performance, and entire responsibility is put on them but very little is done to understand their low performance and what opportunities are available to them for improvement.

Very often promotions are demanded by better performing employees and are given to some of the confidentially rated better performers with little consideration for their potential in performing new job. The satisfy better performers sometimes with all good intentions employees are promoted to new responsibilities. This also results in frustration due to promotion.

As a result of such appraisal, managerial resources in the organisation do not grow and instead of multiplying start stagnating.

Traditional, top-down methods of appraising performance have recently been challenged by flatter hierarchies and an increased reliance on cross-functional teams. Self appraisal evaluation is one alternative to which some organizations have turned. Yet the history of self performance appraisal shows that, while they can potentially provide excellent information on performance, they are not often successful in practice. This dissertation poses the question, "What are the perceptions of appraisees and appraisers about the self appraisal systems followed in the Indian banks. How have this been used in practice?" Through an examination of records, Questionnaire, interviews and the literature on performance appraisal, a detailed analysis is brought out in this study. The dissertation concludes with implications for practice and suggestions for further research on the basis of the qualitative and quantitative research findings.
Research methodology

In a research study of the kind involving Appraisal Mechanism within the context of Human Resources Development (HRD) Systems and eliciting of responses from the personnel, the methodology requires careful planning and implementation. It also has to establish the nuances and fine-tuning of the purpose through scientific and professional application of the techniques, design and administration of the questionnaires through a proper retrieval and storage methods. Because of the nature of the study, a multi-method strategy was adopted for conducting primary and secondary data collection. To enhance the validity of the data collection, the methods adopted were:

a) Questionnaire for Appraisers and Appraisees

b) Interface with Senior executives on the basis of Interview scheduled.

c) Examination of a sample of official files and records (P.A. records for a sample) wherever possible.

It is a study based on the empirical data of the existing performance Appraisal system in operation. Conclusion are drawn on the basis of analysis of data/information obtained directly from the samples and the relevant records/documents on a first hand basis.

Perceptions of the present and ideal performance appraisal process were obtained from 542 bank officers in three selected banks. The study focused on perceptions of the process, as currently followed and as a desired ideal, to see if there were perceptual differences, and to see if perceptions were influenced by personal characteristics, work characteristics and features of the process itself.
Findings of the study - Data Analysis

The traditional concept of control oriented personnel function is slowly but surely transforming into one of Human Resource Management and Development function. The people at different levels are also gradually evolving in their thinking as well as in actions therefore, have greater expectations of involvements, quality of work life, beyond the confines of job and salary. There is now a more vociferous demand for openness in work relations as never before and hence the need to be open in the evaluation of performance also. Accordingly, the much resorted human resources management tool, that is P.A. is continuously on the track of improvements and refinements.

The high response to a questionnaire through the length and the breadth of the country covering 542 sample respondents which is quite high and encouraging by research standards and the cent percent interface with the purposive sample of scheduled executives shows the active involvement and enthusiasm among the respondents. Again over 83% of the sample respondents have given informal, analytical qualitative suggestions. An overwhelming 75% of the respondents felt that the present self-appraisal is not assessable or measurable in quantitative terms. This could be the reason for casualness and non submission of self appraisals in time every year, as observed in the interface with the senior executives. Overall, the respondents feel the P.A. system is less objective and more subjective. Between 60% and 0% of people felt the need for quantified modeling for KRPAs and sub-KRPAs also. Again more than 50% felt the situational factors should also find a place in the KRA scheme. This indicates that the current self appraisal system is open only till the stage of submission by appraisee and perhaps could also include the P.A. rating communication which is now open, but the rest of the appraisal process is more or less closed. A high proportion of 85% of respondents opted for open appraisal system. By open appraisal, they wanted joint fixation,
Discussion and review by appraiser and appraisee, development aspects of the system like training counselling, self development, where more than 50% have been explicit under each parameter. This suggests the need to raise the curtains out of the interactive mechanism between the performer (appraisee) and evaluator (appraiser). Periodical interaction between the two would also dispel the mistrust and hold in belief the expectations on both sides as one executive put it in his interference, - "the message would then be loud and clear for looking up if self appraisal has to work on the principle of open appraisal. 78% of the respondents felt P.A. system places undue premium on promotability at the expense of other developmental aspects like potential assessment, development assessment, training and counselling and even personnel inventory. 60% felt, personnel inventory should be a major objective of P.A. system or putting the rater to multiple uses of present, as it has been observed in the interfaces, the P.A. mechanism is not made use of to any great extent except for promotability. The survey reveals that 67.7% of respondents felt central tendency has been a major error if P.A. system followed by prejudice (57.2%) and halo affect (43.5%). This corroborates to the fact that while extreme levels of ratings have to be communicated to appraisee at reporting level itself, they would rather rate middle rating to their subordinates which thus puts a large common substandard officers under average to a certain extent above average levels. Further, the present broad gradation marginalises the effect of a good performance due to broad-banding of the range or zone of consideration. Currently the really good among competing equals or topers in each level of appraisal unit cannot be ranked. Similarly, it was established clearly in the qualitative suggestions of the respondents of standardized KRAs and their measurement, lack of awareness of the appraisal techniques among the raters and also lack of knowledge of appraisee's abilities and his specific KRAs during the year, among the raters. All these affect the overall assessment, the tendency to resort to traitest approach in the absence of lack of certification, counter verification or cross check by the appraiser/reviewing officer of the claims.
of appraisee in his self appraisal is also predominant. In the cross tabulation analysis of the responses, it was established clearly that those who are qualified, young in age and have been officers for over 5 years have been more forthright in their responses regarding the effectiveness of system, formats, openness, showing of rating etc.

**Conclusions**

The findings of this experiment must be tempered by the inherent limitations and delimitations of this study. Conclusions suggested that majority of the bank officers perceive the majority of the items of the Annual Performance Appraisal System needs modification and change in implementation style. The current formats need refinement if not replacement in terms of specificity of the KRAs. The parameters currently are bunched together into 4 key areas viz. deposit mobilization, credit management, internal control, and house keeping and management and the sub KRAs under. These are also passive statements. Further, the parameters do not reflect qualitative areas like public relations, customer service etc. which could also be included. The passive statement like parameters mentioned above could be "rephrased" into question form with specificity to elicit better responses. There is need for specificity of the KRAs - covering operational and functional levels and line and staff positions. Situational factors including constraints, special assignments outside KRAs also should form part of KRAs and their measurements. Clearcut marks mechanism could be worked out for KRAs which could be distinguishable between specific contributions of an appraisee as a part of the team or as a head and also his overall contribution / performance. The present 4-point gradation as too vague and broad banded and the "system of ranking" cannot be possible to distinguish the really top 5 to 10 in each assessment unit. Inclusion of personality traits as a good number of respondents have suggested to be a part of KRA assessment, should be carefully reconsidered before inclusion so that the subjectively element can be minimized to the
maximum extent. To check the veracity or exaggeration of self appraisals, the current system does not provide for explicit mechanism of counter verification, cross checking and certification by reporting officer (primarily) and also reviewing officer. Towards this the system could be made open where the KRAs once they are standardized and homogenized, could be jointly fixed, discussed and reviewed at the end of the period. The review should refer to the specific KRAs handled by the appraisee during the review period. It should be strictly performance (job) related and result oriented. There should be open counselling of appraisee by appraiser regarding strong and weak points, and expectations and shortcomings to be brought to the notice of the appraisee. To this end the banks should seriously consider providing training in counselling skills to the appraiser in a phased manner. To avoid the differing standards of appraisal and also to reduce the errors in PA system, a "Booklet of Guidelines" could be designed covering aspects of appraisal mechanism, the roles, responsibilities of different parties, the do's and don'ts and the importance of the developmental aspects of PA system, KRAs and their measurement indices. This could be circulated to every officer like a deskguide. This would greatly enhance the awareness, uniform understanding, application and compliance by all concerned. Further, the raters could be strongly advised of any erring and deviant appraisals, or aberrations noticed to the deterrent of appraisee. In all the normal cases of disagreements, the raters at different levels could substantiate with written reasons. PA rating communication though has been voted by a majority of respondents who wanted openness, senior respondents (executives) seem to hold differing views, a majority of whom feel openness in all areas is O.K. except sharing or showing of assessments/ratings and communications thereof. Hence, it is strongly felt, when the open system is perfected and practiced, the rating communication would become meaningful. There should be conditionality in the submission of PA forms (self appraisals) by the apprisees as a precondition for openness. The self appraisals have also to be brief. The format as such has to be brief and
has to be aided by the booklet of guidelines mentioned earlier. In the case of non submission, the weighted average has to naturally be lessened to that extent and no benefit of full average at the time of promotion be allowed. For this improvement in submission faith and openness has to be built into the system, in all the foregoing areas. Besides the Booklet of Guidelines, there could be orientation on appraisal system through one capsule session in all HRM courses at the staff training colleges, at no extra cost. For the executives the orientation could be done at the zonal executives councils and corporate plan conference meetings, again at no extra cost. As regards training needs, the PA format can have a detachable separate section which can be filled up either by the appraisee or the appraiser or by both and sent to the HRD Department of the bank for research and developing the need based training programmes in the bank. This becomes very valid in the proposed open system. HO rating committee should be a appropriate authority and not cutting into the morale of field level raters.

In sum, though the organizations may be making certain efforts in bits and pieces in the matter of result oriented schemes which are mainly incentive tugged, the systematic approach to quality of work life (QWL), performance evaluation or job analysis and performance standards is becoming hard to come by. Nevertheless, an attempt has to be made to develop more open and objective based PA System in the banks.

Performance Appraisal System (PAS) as a tool of management has come to stay in the bank or quite sometime now. However, the perception of employees in the organization officers and staff alike, in regard to the PAS as an effective instrument for helping people grow and develop in the organizational set-up and thereby contribute to the human resource development in the organization appears to be obscure and loaded with apprehensions rather than confidence. The annual exercise of Performance appraisal in the Bank is generally perceived to be a virtual at its best or an engine of threat and punishment, as its worst by the
appraisees as well as the appraisers. A critical evaluation of the PAS, as it is obtaining in the Bank vis-a-vis in expected and potential role in the human resource development, is therefore, considered to be necessary. In the bank, or as in any other organization PAS is designed and implemented with a view to promote and subserve certain specific objectives. This study endeavours to assess and estimate the role played by the PAS in achieving these objectives.

The study attempts to probe into the strengths, weaknesses as also the opportunities and constraints of the existing system. It will also strive to evaluate the impact made by the PAS on the officers of the Bank and through them on the organization as a whole. The study also explores the linkages of the PAS with other systems of H.R.D. (i.e. career path (promotion), training, opportunities, right placement etc. The significance of this study can further be appreciated if it is kept in mind that the PAS is the only means through which the organization can communicate on an on-going basis to its employees as individuals. The system is thus uniquely positioned to enable the organization building up its manpower resources by constantly tapping its human potentials and also by guarding against any slip-back by taking such measures as timely advice and counselling, training, change of environment through transfer/placement etc.

The banks have come a long way from the one-sided 'confidential reports' of the yester years, the 'self-appraisals' and 'P.A. Reports' of the current times. As it is evident from the historical development of PAS in the bank, quite an amount of research and analysis has gone to the design, structure and operational procedures of the existing system in the Bank. As because the present system is not altogether free from its deficiencies and laconic, it is still undergoing a process of evolution and evaluation. The present study itself is a significant step in that direction. An attempt has been made in one of the following chapters to present some of the current thoughts in the world of management literature concerned with human resource
development in particular. These thoughts and ideas would provide a conceptual framework for a detailed study on the PAS on which we are to embark upon.