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Performance Monitoring System of Employees of Banking Sector

OBJECTIVES OF STUDY

The following objectives can explore and address the problem statement.

- To estimate effectiveness of performance monitoring systems in the public and private sector banks
- To determine perception of the employees towards performance monitoring and its relation with organizational development
- To identify lacunae in the performance monitoring system of the studied banks

HYPOTHESES OF THE STUDY

- Opinion of employees about the contribution of performance monitoring system to leadership development is independent of their designation.
- Designations of the employees have no relation with their views on the contribution of the performance monitoring system to employee empowerment.
- There is no relation between designation of the respondents and their views on whether the performance monitoring system is directly linked to compensation.
- Opinion of employees on reliability of the performance monitoring systems is independent to their work experience.
- Age of the employees have no relation with their views on performance monitoring system responses being biased.

RESEARCH DESIGN

Descriptive and Exploratory Researches were undertaken for the study. The exploratory research was used to define research problems whereas

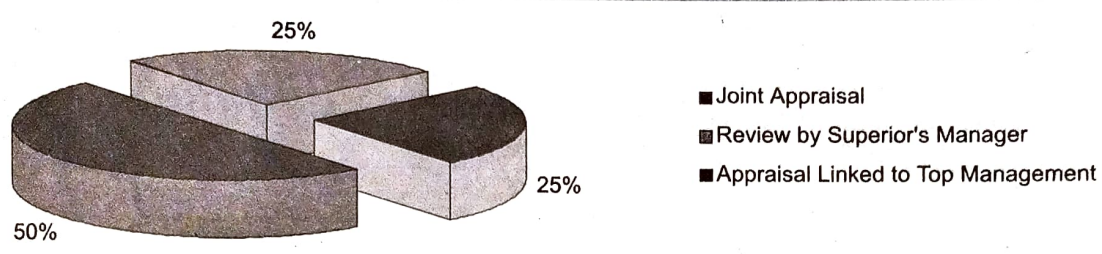
Abstract

The practice of formal performance appraisal continues to come under considerable scrutiny and criticism. Researchers have developed and practitioners have implemented various changes to the evaluation criteria, rating instruments, and appraisal procedures in an effort to improve the accuracy and perceived fairness of the process. However, in spite of the attention and resources applied to the practice, dissatisfaction with the process still abounds. Performance monitoring systems are often viewed by employees as inaccurate and unfair. The argument behind is that most performance appraisal system neither motivate employee nor guide their development. There is a need to understand the perceptions of employees about the performance appraisal to have better performance especially in case of banking organizations. The main aim of the present study was to understand the performance monitoring systems of private and public sector banks and how they function towards their organizational goal achievement. Performance Appraisal Effectiveness Scale (PAES) was designed for appraisers and appraisees comprising ten parameters. The study throws light on the current practices as to how banks appraise employees because many experts feel that traditional appraisal don't improve performance and many actually backfire. The finding may be helpful in understanding the way to review subordinates and effectiveness as well as loopholes of performance monitoring systems.

the descriptive research was used to find out the solutions to them. The data required for the attainment of objectives based on awareness/ knowledge of employees about the performance monitoring system, attitude and opinions about the PMS and its effectiveness was obtained from the primary and secondary sources. The universe for study was the employees of public and

private sector banks and sampling units were the employees of the selected public and private sector banks. Stratification of the employees under study was based on their designation under level I and Level II comprising senior executives and junior executives respectively.

Fig. 1: Method of Performance Monitoring System in Banks



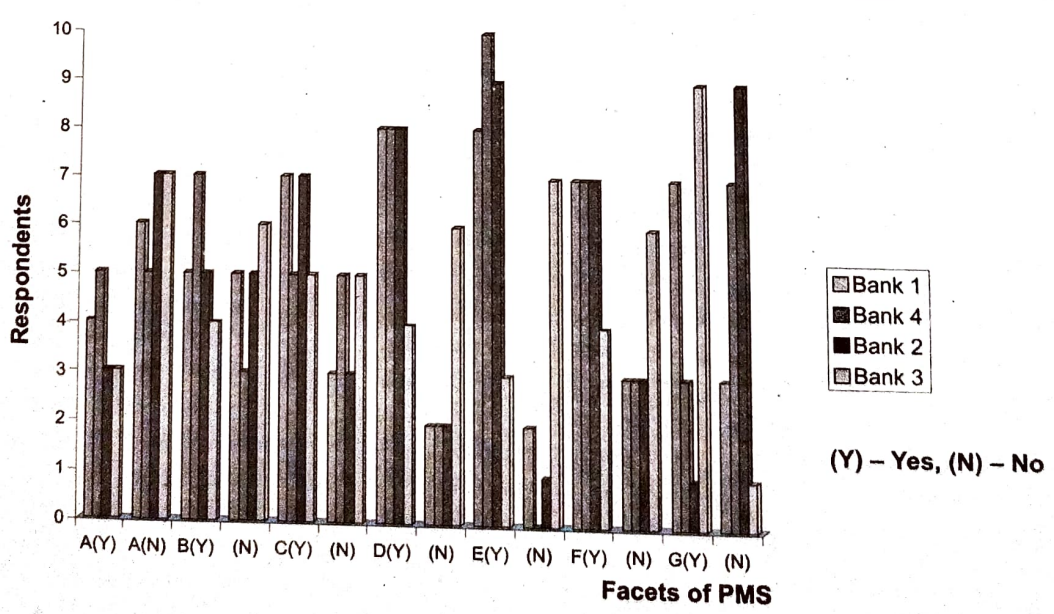
RESULTS AND DISCUSSION

Methods of Performance Monitoring System It was concluded from the sample surveyed that most of the private sector banks have well defined performance appraisal systems (enumerated in Fig. 1). Most of the banks (50 percent) have Performance Monitor System review by Superior's Manager but bank 2 has appraisal system finally linked to top management, if the appraise ranked to 'Below Average' rating and he can appeal to

CMD of the bank for further review.

Contribution of Performance Monitoring Systems Less than forty-five percent of the respondents agreed to the fact that PMS feedback facilitates accomplishment of organizational goals. A little less than 50% of the respondents think that PMS enables leadership development. These respondents were mainly from private banks. Around 60% of the respondents have stated that PMS does contribute to employee

Fig. 2: Contribution of Performance Monitoring Systems



Keys

- A. Facilitates Accomplishment of Organizational Goals
- C. Contributes to Employee Empowerment
- E. Effectively Measures Performance
- G. Identify Training Needs

- B. Enables Leadership Development
- D. Helps define KRAs
- F. Develops the Core Competencies

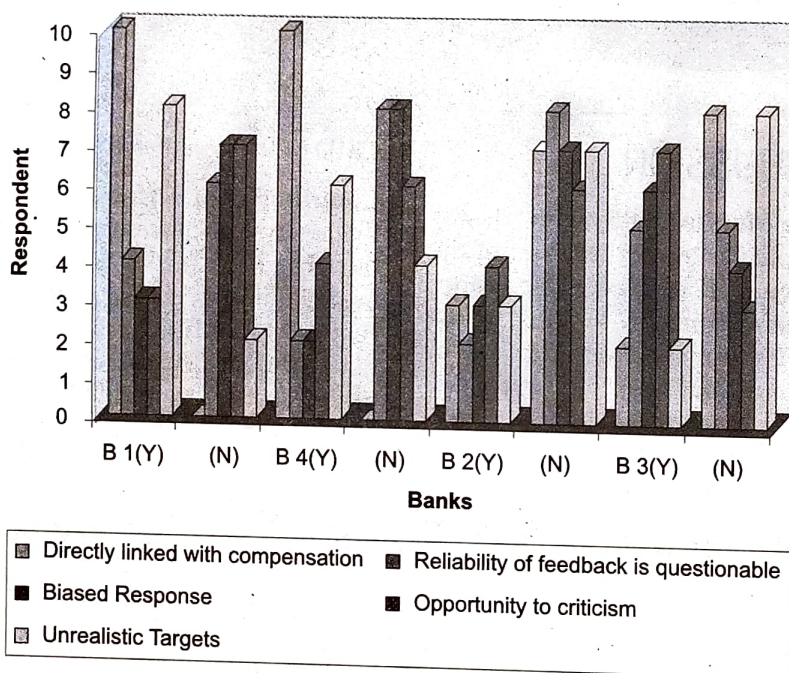
empowerment. Nearly 80% of the respondents agreed to the statement that PMS helped them in defining their KRAs and these were mostly from private sector banks.

Employees' Concern Regarding the Performance Monitoring System All of the respondents of private sector banks have opined that the feedback or outcome of the PMS is linked to the compensation. However, around 40 percent of the respondents of public sector banks have opined that outcome is not directly linked to the compensation. Around 30 % of the surveyed samples have expressed their concern saying that the reliability of the feedback is questionable.

Comparison on Performance Appraisal Effectiveness Scale The comparison between appraisees and appraisers actually evaluated the degree to which PMS was seen effectively practiced by the both groups (Appraisee and Appraisers). Mean and standard deviations have been calculated by using groups' responses on ten parameters of Performance Appraisal Effectiveness Scale.

A: Developed trust and relationship, B: Involved with goal setting process, C: Clarity about objectives, D: Objectives set at beginning of the year, E: Self-appraisal regularity and review, F: Post-appraisal

Fig. 3: Employees' Concern Regarding the System



(Y)- Yes, (N) - NO

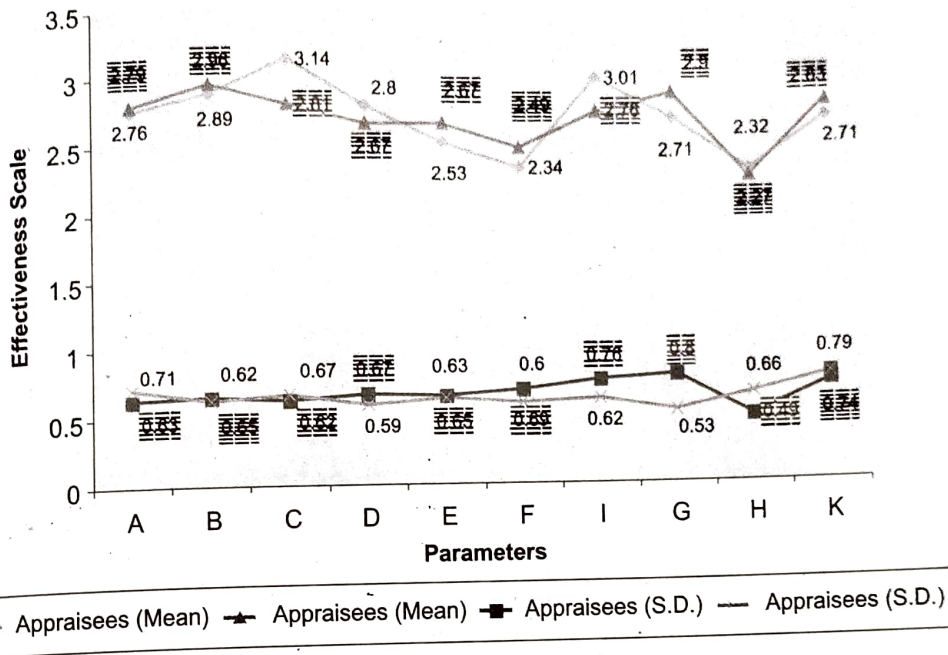
B1- Bank 1, B2- Bank 2, B3- Bank 3, B4- Bank 4

interview conducted, G: Support/ Help in achieving objectives, H: Communicated areas of strength & deficiencies for improvement, I: Consulted for training and development plan, J: Encouraged frank discussion & sought help periodically.

An analysis of the Fig. 4 indicated appraisees' - appraisers' scores being very close to each other. The appraisees' scores ranged from 2.32 to 3.14, whereas appraisers' score ranged from a low of 2.27 to 2.96 on a scale from 1 to 4 (1- Strongly Disagree, 2- Disagree, 3-

Agree, 4- Strongly Agree). Appraiser tended to evaluate, as compared to appraisees, the effectiveness of PMS more positively on seven out of ten parameters, which included aspects such as 'Developed Trust and Relationship', 'Involved with goal setting processes', 'Self-appraisal regularity and review', 'Post-appraisal interview conducted', 'Communicated areas of strength & deficiencies for improvement', 'Consulted for training and development plan', 'Encouraged frank discussion & sought help periodically'.

Fig. 4: Performance Appraisal Effectiveness Scale



S.D. - Standard Deviation
 Scale: 1- Strongly Disagree, 2- Disagree, 3- Agree, 4- Strongly Agree

MAJOR FINDINGS

Preparation and Participation

- Parameters should be made clear and specific to all appraise especially in case of the public sector banks. It is because employees of public sector banks are not clear about the assigned parameters and its relation with accomplishment of organizational goals.
- There should be more employees' involvement especially in case of public sector bank in designing of the PMS at grass root level. This involvement would definitely help the employees to meet their targets.
- It should be made sure that employees understand the downside as well as the upside of the PMS, without proper understanding the system implemented will be of no use.
- The performance monitoring system should be made in the way so that it helps the employees to know about their performance by highlighting their strengths and weakness and parallel helping to identify the training needs.

Implementation and Review

- The performance monitoring system tool will lose its integrity if it is ridden with bias and other loopholes. Hence, the system should be thoroughly aligned with the business philosophy and mission

- of the company or organizational goal and make it more transparent which will help employee to know their performance in a better way mainly in case of public sector banks. It is because majority of employees of public sector bank have opined that the PMS feedback tend to be biased many times.
- There should be linkage of compensation with the outcome of the performance monitoring system in case of the public sector banks in form of pay increment, incentive and ESOP which may act as a motivational factor for employees.
- There should be discussion between appraiser and appraise before setting the targets for particular financial year and it should also be reviewed at frequent interval according to the situation especially in case of the private banks. It is because majority of respondent from private banks have opined that the target given was unrealistic.

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