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## Performance Appraisal Practices in Private Banking Sector in India

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### **Abstract:**

*The primary function of human resource department is Performance Appraisal and the prior information received by the human resource department from the managers or team leaders about employee's performance. In the process of recruitment, placement, training, promotion and performance appraisal, Performance appraisal is one of the important key factor in a banking sector or in an organization. Performance Appraisal also used to analyze employee's strengths, weaknesses, success and failures for further promotions. The aim of present study to know about the private banking sectors employee's opinion on the Performance Appraisal systems.*

### **Keywords:**

*Importance of an effective performance, Practices & Methodologies in private sectors, Importance of performance appraisal, Process of performance appraisal, Appraisal system in Indian banking system.*

### **Introduction:**

In relation to certain objectives of organization and pre-established criteria, the periodic and systematic process that determine the job performance and productivity of an individual employee called performance appraisal (P.A) (Muchinsky,2012)

Strengths, weaknesses, accomplishments and organizational citizenship behavior are also considered as other aspects of an employee in an organization. (Broady-Preston & Steel, 2002).

Generally, the performance appraisal data are collected by the three main methods are:

1. Objective production
2. Personnel
3. Judgmental evaluation

With a large variety of method of evaluation, judgmental evaluation are used.

"As providing feedback to employees", job status, disciplinary decisions, developing employees and counselling could function as interview. (Cederblom, 1982)

Promotions, termination, test validation and performance improvement are few application of performance appraisal. (De Misi & Pritchard, 2006)

In the process of appraisal, the final step is performance appraisal interview. Which is held between the subordinate and supervisor in an organization.

### Reactions of an employee to performance appraisal

“Most of the researchers stated that all the employees are not satisfied with the system of Performance Appraisal in an organization”.

According to some researchers, “In the system of performance appraisal, by making the more objective system, improving the process of feedback employees wanted to see changes.

### The importance of an effective performance

1. Standards
2. Simple format and practical
3. Documentation
- **Standards:** The set of standards should be understandable, achievable, measurable and motivating.
- **Simple format and practical:** The format of appraisal should be simple, clear, objective and fair. Because the long formats are difficult to understand and time consuming.
- **Documentation:** To documenting the performance of an individual employee and a continuous noting called documentation.

### Practices and methodologies in private sectors

1. “Two way communications”
  2. “Feedback Systems”
  3. “Introduction to Technologies”
  4. “Recruitment and Selections”
  5. “Perks and Packages”
  6. “Organizational Etiquettes”
  7. “Leave Management system”
  8. “Employee Benefits”
  9. “Job Security”
  10. “Recruitment Plans”
  11. “pension Plans”
1. **Two way communications:** It is a form of transmission in which the communication is held between the senior subordinate and the junior subordinate. In private organizations, all the issues whether it is formal or informal are being immediately solved or receipt of the messages, complaints and issues which is received from employees.

2. **Feedback System:** In this system, the performance of an employee is evaluated by their performance and also by their behavior and discipline. A private sector uses the 360 degree appraisal feedback system. In which the feedback is given to top from senior management, employees as well as customers.
3. **Introduction to Technologies:** In order to achieve maximum production to follow the methods and practices of technologies. For every employee, technology is changing day to day in a private sector.
4. **Recruitment and Selection:** On the basis of merit candidates, recruitment and selection is carried out. And for the suitable designation an eligible candidates get selected. Four to five rounds are carried out in the process of recruitment and selection.
5. **Perks and Packages:** Depending on the responsibilities and designations, perks and packages are the compensation or an amount which is given to an individual employees of an organizations for their performance.
6. **Employee Benefits:** To motivate employees as well as to develop Human Resource like medical insurance, education and travel allowance etc. employee benefits are followed.

#### **Importance of Performance Appraisal**

In an organization, the most important element for information and control system is performance appraisal. The applications of the performance appraisal are given below;

- “For personnel decisions valuable information provides by performance appraisal like promotions, demotions, pay increases, terminations and transfers”.
- “In an organization, it helps to judge the effectiveness of recruitment, selection, placement and orientation system”.
- “It also helps to analyze development needs and training of an individual employee”.
- “To improve performance through appropriate feedback to employees, a performance appraisal can be used”.
- “An individual employees performance on job; succession planning, human resource planning and career planning facilitates by performance appraisal”.

**The process of performance appraisal:**

- “Setting Performance Standards”
- “Communicating Standards”
- “Measuring Performance”
- “Comparing with Standards”
- “Discussing Results”
- “Taking Corrective Actions”

Source: Performance Appraisal Process by C.B. Gupta, 2006

**Performance Appraisal systems in Indian banking sector**

Recently, a system has introduced by the Allahabad bank which aims to help employees to identify their strengths, weaknesses. And also to improve performance by the encouragement on the job. In great detail on customer services; internal administration, business growth and training requirement in a system of Indian overseas bank, where a branch manager gives a self-appraisal.

In an appraisal system of union bank of India, the reporting officer is necessary to determine his officer on conceptual, human and technical skills.

The similar self-appraisal formers has also been introduced by the Dena bank and the Bank of Baroda.

Source: Dr. Shambhu Nath Chowdhury, “Developing Performance Appraisal System for Performance Leadership in Banks”, CAB CALLING, July September, 2008

**For effective Performance Appraisal in Indian Banks, the following points should keep in mind are as given under below:**

1. “Select what performance data to collect”
2. “Determine who conducts the appraisal”
3. “Decide on a rating philosophy”
4. “Overcome rating deficiencies”
5. “Create a rating instrument”
6. “Deliver useful information to employees”

In the bank, for the individual the "Performance Appraisal" is essentially an opportunity with their performance.

**Conclusion:**

To Reflects the past performance, "Performance Appraisal" usually provides an opportunity and past behavior review. In future, what should be done to enhance the effectiveness of banks; for improvement plans, making development and reaching agreement to be useful as a basis.

To keep employee's motivation high, for performance management, "Performance Appraisal" is the central pillar in the Indian banking sector.

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