

International Multidisciplinary Research Journal

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RNI MAHMUL/2011/38595

ISSN No.2231-5063

Golden Research Thoughts Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial board. Readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

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PERFORMANCE MANAGEMENT SYSTEM IN STATE BANK OF INDIA IN THANJAVUR DISTRICT OF TAMIL NADU

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Abstract:-Performance Management System is defined as a process that consolidates goal setting, performance appraisal and development into a single common system, the aim of which is to ensure that an employee's performance is supporting the company's strategic aim. Performance management includes the practices through which the manager defines the employee's goal and work, develop the employee's capabilities and evaluate and reward the personal effort all within the framework of how the employee's performance should be contributing to achieving company's goal. The objective of the paper is to the analyses perception of the employees about performance management system of the State Bank of India, Thanjavur district of Tamil Nadu. The results of the study show that the officers have moderate satisfaction about performance management system, whereas clerical staff and sub staff have a negative attitude towards the current performance management system of the study unit.

Keywords:performance management, performance appraisal, performance ratings.

INTRODUCTION

Performance Management System is defined as a process that consolidates goal setting, performance appraisal and development into a single common system, the aim of which is to ensure that an employee's performance is supporting the company's strategic aim. Performance management includes the practices through which the manager defines the Employees goal and work, develop the employee's capabilities and evaluate and reward the personal effort all within the framework of how the employee's performance should be contributing to achieving company's goal.

It refers to a comprehensive, scientific approach to ensure a link between the efforts of individual employees with the vision and goals of the organization, to achieve excellence in the organization on one side and satisfaction and growth of employees on the other side.

The increasing use of Performance Management of employer reflects several things. It reflects the popularity of Total Quality Management. Performance Management emphasis on the integrated nature of goal setting, appraisal and development reflect this assumption. The PM also aids the employee's continuous improvement effort. It means that each employee must continuously improve his or her own personal performance from one appraisal period for next.

Focus of Performance Management System is of development of mission and goal statement of the company that includes Development of business plan, Communicating goals and objectives to employees, Defining role responsibilities, defining and measuring individual performance, defining performance standards and comparing them to Individual performance, Competency analysis, Continuous monitoring and 360° feedback Conducting performance and development reviews, Coaching and counseling and Rewarding and Performance problem solving areas its major components.

STATEMENT OF THE PROBLEM

A sound financial system is indispensable for the growth of a healthy and vibrant economy. The banking sector, being a crucial constituent of the financial system is the lifeline of any modern economy. It is one of the important financial pillars of the financial system which plays a vital role in the success /failure of an economy. Banks are one of the oldest financial intermediaries in the financial system. They play an important role in the mobilization of deposits and disbursement of credit to various sectors of the economy. The banking system is the fuel injection system which spurs economic efficiency by mobilizing savings and allocating them to high return investment. Research

confirms that countries with a well developed banking system grow faster than those with a weaker one. Fase and Abma (2003) argued that the expansion of the financial system could have a positive repercussion on economic growth of a country. Levine (2005) suggested five channels through which financial systems may have an effect on economic growth, financial intermediaries, monitor investment, manage risk, mobilize savings and facilitate the exchange of goods and services. In a study on banks and stock market it was found that they positively influenced economic growth (Beck and Levine, 2004). The strength of an economy hinges on the strength and efficiency of the financial system, which, in turn, depends upon a sound and solvent banking system. A sound banking system efficiently deploys mobilized savings in productive sectors and a solvent banking system ensures that the bank is capable of meeting its obligation to the depositors. Patrick (1996) opined that financial sector acts as supply leading to transfer of resources from traditional, low growth sector to high growth sector and to promote and stimulate an entrepreneurship response in the high growth sector. The role of banking is very significant for capital formation. A sound banking system proves to be one of the pillars of economic, social and industrial growth of a country. In the recent past, the bank regulators have introduced a number of measures to link the regulation of banks to their level of risk and financial liability.

The productivity and efficiency of the employee mainly depend upon the effective implementation of performance management system of the banks. Productivity and better efficiency help to set the industry in the pace of its highest growth. The analysis of performance management system has necessities to increase productivity of the banks

Among human resource functions, one of the most critical ones that bring global success is the performance appraisal. It is more considerable than other processes because its results show the success of the awareness of the other areas in the field of Human Resources and other personnel activities. However, a comprehensive study of the performance management in Indian banks is limited. Moreover, a number of studies have provided support for the argument that performance management has remained a problem which is vague and perhaps unsolvable in human resource management. However, in India, the research in this field of performance management system is very limited. It was in the light of the above that the study sought to investigate the effectiveness of performance management systems of employee in public sector banks in Thanjavur district. The review of the literature expresses that there are very few studies on performance management in Indian banks. Therefore, this study attempts to fulfill the above gap.

SCOPE OF THE STUDY

This study was conducted as a survey that examined the performance management system in public located in Thanjavur District of Tamilnadu. The research confines the study of effectiveness of performance management system of the study unit. Hence, this study throws light on the perception of the employees about performance management system with various performance management factors such as Organizational strategy, Goals and performance measures, Standard setting, Performance appraisal system and Feedback, Rating, Training and development and Reward. This study will also be helpful to draw up a further policy for implementing effective performance management system and act as a secondary data for further research.

SAMPLE SIZE

In Thanjavur district almost, all the major banks have branches in this district. As it was felt that it would useful to study public sector banks. In the district, among the public sector banks State Bank of India (SBI) has large number branches (12 branches) as compared to other banks. Therefore, State Bank of India is selected for the study. The bank has 12 branches in the district, 10 employees are selected from each branch, hence a total of 120 employees selected as a sample.

RESULT AND DISCUSSION

Assessment of performance management system is one of the common practices in almost every organization, a necessary phenomenon for the better performance of employees and organizations. For better

performance of the organizations satisfied employees play a vital role. The perception of the employees about performance management system practiced in the study unit is discussed in the succeeding pages. The variables Organizational strategy (6 items), Goals & performance measures (10 items), Performance Standard (7 items), Performance appraisal system and feedback (24 items), Performance Rating (17 items), Performance appraisal and Training and development (13 items), Performance appraisal and Reward (6 items) were selected, thus a total of 83 items were framed to measure the perception of the respondents about the performance appraisal systems practiced in the study unit. The high level of perception leads to high level of satisfaction with performance management systems. The mean scores obtained from the respondents for an overall performance management system of the study unit are shown in table 1.

TABLE: 1
OVERALL PERCEPTION ABOUT PERFORMANCE MANAGEMENT SYSTEMS

Category	Mean score	Mean score (%)
Officers (N = 26)	252.51	60.72
Clerical Staff (N= 73)	118.24	28.49
Sub staff (N= 21)	71.16	17.15
Average (N=120)	139.09	33.52

Source: Primary data

Table 1 shows the overall perception of the respondents about performance management system practiced by the study unit. The average mean score obtained by the respondents in respect of overall performance appraisal system was 33.52 per cent. The Officers have obtained the mean score of 60.72 per cent, Clerical Staff and Sub Staff have secured 28.49 per cent and 17.15 per cent respectively. It can be inferred from the table that the employees of Officers have a moderate perception, whereas the Clerical staff and Sub Staff perceive poor perception about the overall performance management system of the study unit.

The level of overall level perception of the respondents about performance management systems practiced in the study unit is shown in table 2.

TABLE: 2
LEVEL OF OVERALL PERCEPTION ABOUT PERFORMANCE MANAGEMENT SYSTEMS

Level of perception	No. of Respondents			
	Officers	Clerical Staff	Sub Staff	Total
Low	04 (15.38)	42 (57.53)	14 (66.67)	60 (50.00)
Moderate	16 (61.54)	18 (24.65)	05 (23.81)	39 (32.50)
High	06 (23.08)	13 (17.82)	02 (09.52)	21 (17.50)
Total	26 (100.00)	73 (100.00)	21 (100.00)	120 (100.00)

Source: Primary data, Figure in the bracket is percentage of total

Table 2 shows that nearly 62 per cent and 15 per cent of officers revealed moderate and low level of perception about the overall performance management system. Among the Clerical staff, 57 per cent and 25 per cent of the respondents expressed low and moderate perception. In case of sub staff, 67 per cent and 24 per cent of the respondents perceive low and moderate perception about the overall performance management system. Therefore, it can be inferred from the table that clerical staff and sub staff perceive poor satisfaction, whereas officers perceive moderate perception about the overall performance management system of the study unit.

In order to analyze whether there is any significant relationship between the perception of the officers, clerical staff and sub staff, a null hypothesis are framed and tested with the help of t-test.

Null hypothesis: All the employees perceive the same level of perception about the overall performance management system

TABLE: 3
DESCRIPTIVE STATISTICS-OVERALL PERFORMANCE MANAGEMENT SYSTEM

Category	Mean	S.D	t-value	Result
Officers and Clerical Staff	252.51	18.52	3.46	Significant
	118.24	12.56		
Officers and Sub staff	252.51	18.52	5.95	Significant
	71.16	6.83		
Clerical Staff and Sub Staff	118.24	12.56	2.89	Not significant
	71.16	6.83		

Source: compiled by the researcher

It is observed from table 3 that there is a significant difference between the level of perception of Officers and Clerical staff, Officers and Sub Staff about the overall performance management system. However, there is no significant difference between the level of perception of the Clerical Staff and Sub Staff about the overall performance management system of the study unit. To find out whether there is any significant difference between individual demographic variables such as sex, age, educational qualifications, departments, work experience and income of the respondents and their level of perception, a null hypothesis are framed and tested with the help of ANOVA test.

Null hypothesis: There is no significant difference between individual demographic variables and the level of perception about performance management system. The result is given in Table 4.

TABLE: 4
ANOVA TEST

		SS	df	MS	F	Significance
Sex and level of perception	Between sample	5824.00	2	2862.48	1.71	Not significant
	With in sample	5032.50	3	1672.81		
	Total	10856.50	5			
Age and level of perception	Between sample	3742.62	2	1984.28	4.69	*Significant
	With in sample	1958.31	6	423.22		
	Total	5700.93	8			
Educational qualifications and level of perception	Between sample	2762.47	2	1470.73	1.78	Not significant
	With in sample	7472.71	9	824.66		
	Total	10235.18	11			
Category-wise distribution and level of perception	Between sample	2961.5	2	1580.78	3.25	Not significant
	With in sample	3868.75	9	485.86		
	Total	6830.25	11			
Experience and level of perception	Between sample	3842.64	2	1984.33	3.24	Not significant
	With in sample	3504.36	6	612.59		
	Total	7347.00	8			
Income and level of perception	Between	3966.65	2	1984.32	3.20	Not significant
	Within	3672.75	6	618.26		
	Total	7639.40	8			

*Significant at 5 per cent level

The result of the ANOVA test reveals that there is no significant difference between sex and level of perception, educational qualifications and level of perception, category-wise distribution and level of perception, experience and level of perception, income and level of perception. There is a significant difference between age and level of perception about a performance management system of the study unit.

SUGGESTIONS

Based on the major findings of this study, some recommendations have been made to increase effectiveness of performance management system in the study unit. The recommendations are highlighted in the succeeding pages.

- Provide training to employees to enhance self-awareness and provide orientation to all employees about the implementation of the 360 degree appraisal process.
- Assess degree of organizational cynicism among employees prior to implementing 360 degree appraisal.
- Follow-up negative feedback with encouragement and coaching.
- Integrated 360 degree feedback with other training and development efforts. Providing feedback to suggest changes, without providing training or assistance will result in lower motivation on the part of the recipients of the feedback.
- Institutionalize 360 degree appraisal as part of the organizational culture.
- It is recommended that management ensure that proper performance management training be provided to all staff so that there are no misunderstandings amongst staff that they do not understand what performance management is. This is vital for the system to be understood in this context.
- In addition, the gap between management and staff needs to be bridged, so that staff members could alter their attitude towards management. In turn management need to help staff to dispel their negative perceptions and attitude towards them, and to convert the system into a user-friendly system in the way it is managed.
- There needs to be consistency in terms of how scoring and ratings take place in all departments. The current rating system needs to change to make it more realistic to staff members. Since no one has ever in history scored beyond a four rating, it is recommended that the five rating should be abolished and substituted by a system whose highest score will be a four. This proposal seems more realistic and achievable.
- An annual audit needs to be implemented to make sure the system is fair and unbiased and that it is managed ethically. The audit will help management to use the correct tools when managing the system.

CONCLUSIONS

The results show that the officers have moderate satisfaction about performance management system, whereas clerical staff and sub staff have a negative attitude towards the current system. The researcher concluded that this system needs to be updated to ensure that staff members understand it and that they would be able to contribute positively to the system

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