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PERFORMANCE APPRAISAL PRACTICES IN PRIVATE SECTOR BANKS.

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ABSTRACT

Performance appraisal (PA) includes all formal procedures used to evaluate personalities, contributions and potentials of group members in an organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees. An efficient human resource practices of a bank is very important in the way of retaining compete employees, to improve their efficiency, to minimize human resource expenses, increasing profit of the bank. Banking services is one sector where a great degree of attention is being paid to PA Systems. The employees in the private sector banks need to update their knowledge and skills constantly, and consciously. Formation of performance matrix has enhanced the performance as well as the morale of their employees. Goal review based PA helps to match the performance of the employees with the earlier set goals of the individuals and organizations. 360 degree performance review system, which was not prevalent earlier, is being implemented in private banks.

KEYWORDS :Performance appraisal (PA) ,contributions and potentials of group members, organization.

INTRODUCTION

Performance Appraisal is a concept that stated in the early 20th century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. The success of the organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. Performance appraisal includes all formal procedures used to evaluate personalities, contributions and potentials of group members in a organization. It is a continuous process to



secure information necessary for making correct and objective decisions on employees. In simple words, performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development. Performance appraisal is the most critical human resource practice and an indispensable part of every organization; however, the practice continues to generate dissatisfaction among employees and is often viewed as unfair and ineffective. Indian banking sector is one of the biggest and fastest growing financial service sectors. The post-liberalization era has witnessed significant changes in the structure and operations of banks operating in India. Arrival of new private and foreign banks has given a cause to public sector banks to be more competitive, effective and

innovative in their approach.

Indian banking has entered the new era of technology enabled and customer centric banking. The HRD managers as well as the employees, especially in the higher cadre, need to update their knowledge and skills constantly, and consciously. Technology is changing the world at a frightening speed. Therefore, the on-going process of training and learning should not only be based on sound and proven theories and concepts, but also laced with practical aspects and implementation. Overall, the HRD enables the employees to make a long-term commitment to all the managerial values narrated above and to build a good employer-employee relationship. With India emerging as a dominant knowledge power, it is only in the fitness of things that Indian Banks too should accord high value to human capital and take momentous steps forward to reach world class HR capital adequacy. In the present study researcher investigated the Performance Appraisal Practices in Private Sector Banks.

PURPOSES OF PERFORMANCE APPRAISAL:

Performance system should be correlated with the organization's philosophies and mission, cover assessment of performance as well as potential for development, look after the needs of both the individual and the organization, help create a clean environment, rewards linked to achievements, generate information for personnel development and career planning, suggesting appropriate person-task matching etc. Performance appraisal system helps to promote better understanding of an employee's role and clarity about his or her functions, give a better understanding of personal strengths and weaknesses in relation to expected roles and functions, identify development needs of an employee, establish common ground between the employee and the supervisor, increase communication, provide an employee with the opportunity for self-reflection and individual goal setting, help an employee internalize the culture, norms and values of the organization. This helps develop an identity with and commitment to the organization and prepares an employee for higher-level positions in the hierarchy and also assist in a variety of personnel decisions.

EFFECTIVE PERFORMANCE APPRAISAL IN A PRIVATE BANK:

During effective Performance appraisal in banking sectors following steps should kept in the mind:

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

The Performance Appraisal is essentially an opportunity for the individual and those concerned with their performance in the bank, most usually their line manager to get together to engage in a dialogue about the individual's performance, development and the support required from the manager. It should not be a top down process or an opportunity for one person to ask questions and the other to reply. It should be a free flowing conversation in which a range of views are exchanged

Performance Appraisal Systems in Indian Banks:

Banking services is one sector where a great degree of attention is being paid to Performance Appraisal Systems. Several of the public sector banks (PSBs) have changed their PAS or are in the process of changing them. State Bank of India has recently adopted an open system of appraisal. Its

associate banks are likely to follow the same after detailed experiences of State Bank of India are available. Several banks also have self-appraisal as a part of performance appraisal, although mostly such self-appraisal is more of communication of achievements.

Looking into this, Allahabad Bank has introduced a system that aims in helping officers to identify their strengths and weaknesses and encourage improvement of performance on the job. Indian Overseas Bank has a system in which a branch manager gives a self-appraisal on business growth, customer service, internal administration and training requirements in great detail. Union Bank of India has an appraisal system in which the reporting officer is required to assess each of his appraisee officers on technical skills, human skills and conceptual skills. All these are defined for different categories of roles and the assessment has to be made on a five-point scale. Corporation Bank, UCO Bank, Central Bank of India, Dena Bank and Bank of Baroda has introduced similar self-appraisal formats. Punjab National Bank has, primarily, a development-oriented appraisal form. There are ten different formats available for ten different categories of employees. The bank started the system with a self-appraisal by the appraisee.

Performance Appraisal in Private Banks:

Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period. Appraising is a general process of facilitating interpersonal relationship between employees and managers through performance related discussions. This category of HR practices includes the new practices related to goal achievement in an efficient manner, their appraisals and job assessments. HRM practices related to Performance Appraisal were found which are:

1. Formation of Performance Matrix: The very common innovative HR practice of performance management has been that the performance matrix or some other competency mapping models being used for employee's performance reviews. Private sector banks under are following this innovation in the performance management practices for a long time. This has enhanced the performance as well as the morale of their employees.
2. Goal Review Based Appraisal: This helps to match the performance of the employees with the earlier set goals of the individuals and organisations.
3. Appraisal on Fair Objective Data: The objectives and fair data helps the employers to appraise the employees without any biasness and good performers are benefitted from this.
4. 360 Degree Performance Appraisal: Another innovation is that they are reviewing the performance from multiple sources e.g. superiors, juniors, peers etc., i.e., 360 degree performance review system, which was not prevalent earlier, is being implemented in private banks.
5. Option to Challenge the Appraisal: These days, the employees of private banks have the power to challenge their appraisal done by the HR department or by their superiors, if they disagree on some issue. But for this, they need to represent to the higher levels with solid proofs and logics.
6. Full Awareness of the Performance Appraisal Policy: Moreover, there is a complete awareness of the Performance Appraisal policy of HR department among all the staff members so that they are well aware of what they have done and what they should not have done.

An efficient human resource practices of a bank is very important in the way of retaining compete employees, to improve their efficiency, to minimize human resource expenses, increasing profit of the bank and so on. Human resource practices relevant to recruitment, training, fixation and

revision of salary, performance appraisal, promotion and transfer are very important aspects. Efficiency of employees will improve only when they are satisfied with human resource practices followed in their organization.

CONCLUSIONS:

Performance appraisal (PA) includes all formal procedures used to evaluate personalities, contributions and potentials of group members in an organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees. An efficient human resource practices of a bank is very important in the way of retaining compete employees, to improve their efficiency, to minimize human resource expenses, increasing profit of the bank. Banking services is one sector where a great degree of attention is being paid to PA Systems. The employees in the private sector banks need to update their knowledge and skills constantly, and consciously. Formation of performance matrix has enhanced the performance as well as the morale of their employees. Goal review based PA helps to match the performance of the employees with the earlier set goals of the individuals and organizations. 360 degree performance review system, which was not prevalent earlier, is being implemented in private banks.

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