

## **A comparative study of performance appraisal practices in Punjab National Bank and HDFC bank in Bihar**

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### **I.INTRODUCTION**

Job performance appraisal is an effective tool for evaluating employee performance. The evaluation includes the performance and effectiveness of employees in their workplace. Every management requires an evaluation of its employees and a desire to perform at a higher level in order to obtain predetermined goals for sustainability and growth. The performance appraisal system can sometimes be modified according to the industry and the nature of the work. The result of the performance appraisal system will provide a basis for determining employee compensation, taking corrective action in case of inefficiency, and the like. "A performance appraisal is a systematic, regular, and important assessment of an employee's excellence in matters related to his current job and his potential for better work." Each of us has "...a basic human tendency to make judgments about those we work with as well as ourselves." A performance appraisal is "any system of determining how well an individual employee has performed over a period of time, often used as a basis for determining merit increases." In human resource management, a performance appraisal system is essential to track how far each person is on the path to success. Performance evaluation is an integral part of any control or data system. Companies now rely heavily on performance appraisals to set goals, motivate employees, and guide future success. Therefore, performance appraisal should serve to encourage employees to give their best for the good of the company. Performance appraisal has evolved into performance management, which takes a more strategic approach to combining HR operations and corporate strategy. As a result, academics have shifted their focus from focusing solely on issues of measurement and reliability of performance appraisals to considering the social and motivational aspects of appraisals.

Performance appraisal can be defined as the assessment of individual work performance as a basis for making objective personnel decisions. Performance appraisal is the process of evaluating, summarizing and developing the work performance of employees in an organization. A good performance appraisal benefits both the employee and the organization. It promotes a shared understanding of individual needs, work goals and standards of acceptable performance. It also provides employees and managers with a useful tool to support employee development. One of HR's goals for using performance appraisal systems is to determine who should be promoted, demoted, transferred, or terminated. However, it is not only HR functions that are related to performance appraisal. For example, an organization can use results from a performance appraisal system to determine who needs formal training and development opportunities. Furthermore, such opportunities may not be useful as rewards for individuals whose evaluations were positive.

Performance appraisals can also be used to motivate and improve performance. By showing an individual's strong lie and ruling out areas that still need improvement, the evaluator can help focus the employee's attention on the course that will bring the most positive benefits, and in addition, reinforcing behaviors that have produced strong positive results should motivate the individual to continue in that way. Banks today have diversified their activities and are venturing into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, brokerage services, depository services, private equity, etc. Most of the leading Indian banks are further expanding and setting up branches in foreign countries, either by themselves or through their subsidiaries. A country's economy can only grow if it has a healthy and efficient banking system. Therefore, India's banking system should not only be seamless but should be able to face the new challenges brought by technology and any other external or internal factor. Now, banking services are no longer limited to metropolitans or cosmopolitans. In fact, the Indian banking sector has reached even the remote corners of the country. People are the most valuable asset of an organization, whether private or public, human resources are endowed with such unusual qualities as creativity, problem solving

ability and can be motivated as a team. It is only necessary to manage, evaluate and motivate them. This can only be achieved by evaluating their performance from time to time.

#### **Performance evaluation" In the banking sector:**

Employee selection, training, and almost any cultural or management practice—such as the introduction of a new pruning method or an incentive pay program—can be evaluated in part by obtaining worker performance data. An evaluation or assessment can provide ideas for improving existing practices or introducing new ones. For example, assessment data may show that a company leader has had a number of interpersonal conflicts with other managers and employees. Some options include:

- Pay more attention to interpersonal skills when selecting new supervisors, or
- Encouraging attending supervisors to attend communication or conflict management courses at a local community college, or
- Providing individual advice to the manager, or
- Plan for long-term staffing and development of workers, or
- Provide salary increases or other rewards, or
- Organize an employee consultation, or
- Implement discipline or dismissal procedures.

For validation purposes, it is easier to evaluate performance data when a large number of workers are involved, for example in banks. Useful performance data can still be collected when employees are evaluated individually, but it can take years to obtain significant trends in the data.

### **II. LITERATURE REVIEW**

By reviewing the related literature, the researcher becomes fully aware of the previous work that has been done. It also provides an opportunity to gain insight into the method, measures, subject matter and approaches used by other researchers.

**Murthy and Rama (2015)** focused that performance appraisal is the identification of key problems faced by employees as a result of organizational practices.

**Saxena, et al., (2015)** analyzed that PAS affects organizational commitment and job satisfaction in the workplace.

**Srivastava and Yadav (2016)** found that PAS works properly in measuring employee performance.

**Vivekanandan and Mohan (2015)** revealed that the PAS system in private sector banks is not up to par. Private sector employees focus more on career development for their growth.

#### **Study hypothesis:**

Below are the main hypotheses of the study:

H01: There is no significant difference between performance appraisal systems in PNB and HDFC banks.

H02: There is no significant relationship between performance appraisal components in PNB and HDFC banks.

### **III . RESEARCH METHODOLOGY**

This article is empirical in nature and is done on the basis of both primary and secondary sources of data collected from various sources. Primary data was collected from employees of both PNB and HDFC Banks in Bihar. Secondary data was collected from various sources such as magazines, books, websites etc. satisfaction rating system and career progression as independent variables. satisfaction and career progression as an independent study conducted a reliability analysis.

### **IV.RESULTS AND DISCUSSIONS**

**Table : 1**

**Results Rank Analysis of PNB**

Variables	S.No.	Variables	5	4	3	2	1	Total	Weighted mean	Rank
Stress	1	Existence of PAS	94	47	3	1	2	147	680.12	I
	2	Organisational growth	82	58	4	2	1	147	660.12	
	3	Employees Development	101	39	5	1	1	147	690.5	
	4	Different from others	82	40	8	12	5	147	615.30	
	5	Common factors	125	14	5	1	2	147	710.12	

	6	Based on the techniques	96	23	14	4	6	143	630.35	
	7	Differentiated by monetary benefits	98	31	7	9	2	147	660.12	
	8	Different parameters	101	11	18	7	10	147	628.50	
	9	Mandatory for	128	11	2	4	2	147	708.3	
	10	Cause of stress	94	11	30	4	8	147	620.5	
			100.1	28.5	10.2	4.7	4.3	147	661.50	
Job satisfaction	11	Effective Tools	88	44	6	5	4	147	655.25	II
	12	Fair assessment by higher authority	98	11	16	13	9	147	621.5	
	13	Employees	108	31	5	1	2	147	694.1	
	14	Standards designed by employer	118	22	4	1	2	147	703.1	
	15	Positive impact of secondary variables	68	19	25	13	22	147	529.3	
	16	Promotes employees	114	15	9	4	5	147	675.2	
	17	00000	18	66	24	20	19	147	478.2	
	18	Identifying the barriers	115	12	8	5	7	147	668.4	
	19	Creating diversity	71	41	11	9	15	147	582.1	
	20	Identifying best employees	76	11	29	12	19	147	547.2	
			87.3	27.2	13.6	7.3	9.4	147	615.38	
Career	21	Change behaviour	71	32	14	10	20	147	556.32	III
	22	Develop conflicts	23	30	38	27	29	147	415.90	
	23	Motivation	96	29	5	9	8	147	640.50	
	24	Monetary benefits	60	42	24	19	2	147	588.12	
	25	Healthy competition	68	26	19	15	19	147	543.25	
	26	Online PAS	55	41	11	13	27	147	510.7	
	27	Proper improvement	128	12	4	1	2	147	712.12	
	28	External reviewer	44	58	14	23	8	147	550.52	
	29	360 degree performance	94	22	13	16	2	147	640.12	
	30	Monthly basis	64	43	14	17	5	145	580.32	
			71.2	34.5	16.5	15.3	12.1	147	570.40	

Source : Primary Data

In the PNB, it can be revealed from the data collected from respondents in above table that they feel more stress at the workplace due to new techniques and advancement in the work culture. The employees are least found least interested in career advancement due to the permanency of their jobs.

**Table: 2**  
**Results of Rank Analysis of selected variables of HDFC Bank**

Variables	S.No	Variables	5	4	3	2	1	Total	Weighted	Rank
Stress	1	Existence of PAS	94	47	3	1	2	147	680.12	I
	2	Organisational growth	82	58	4	2	1	147	660.12	
	3	Employees Development	101	39	5	1	1	147	690.5	
	4	Different from others	82	40	8	12	5	147	615.30	
	5	Common factors	125	14	5	1	2	147	710.12	
	6	Based on the techniques	96	23	14	4	6	143	630.35	
	7	Differentiated by monetary benefits	98	31	7	9	2	147	660.12	
	8	Different parameters	101	11	18	7	10	147	628.50	
	9	Mandatory for promotions	128	11	2	4	2	147	708.3	
	10	Cause of stress	94	11	30	4	8	147	620.5	
			100.1	28.5	10.2	4.7	4.3	147	661.50	
Job satisfaction	11	Effective Tools	88	44	6	5	4	147	655.25	II
	12	Fair assessment by higher authority	98	11	16	13	9	147	621.5	
	13	Employees are concerned	108	31	5	1	2	147	694.1	
	14	Standards designed by employer	118	22	4	1	2	147	703.1	
	15	Positive impact of secondary variables	68	19	25	13	22	147	529.3	
	16	Promotes employees	114	15	9	4	5	147	675.2	
	17	Criticism in friendly and positive manner	18	66	24	20	19	147	478.2	
	18	Identifying the barriers	115	12	8	5	7	147	668.4	
	19	Creating diversity	71	41	11	9	15	147	582.1	
	20	Identifying best employees	76	11	29	12	19	147	547.2	
			87.3	27.2	13.6	7.3	9.4	147	615.38	
Career	21	Change	71	32	14	10	20	147	556.32	

Advancement		behaviour								III
	22	Develop conflicts	23	30	38	27	29	147	415.90	
	23	Motivation	96	29	5	9	8	147	640.50	
	24	Monetary benefits	60	42	24	19	2	147	588.12	
	25	Healthy competition	68	26	19	15	19	147	543.25	
	26	Online PAS	55	41	11	13	27	147	510.7	
	27	Proper training programmes	128	12	4	1	2	147	712.12	
	28	External reviewer	44	58	14	23	8	147	550.52	
	29	360 degree performance	94	22	13	16	2	147	640.12	
	30	Monthly basis	64	43	14	17	5	145	580.32	
		71.2	34.5	16.5	15.3	12.1	147	570.40		

Source : Primary Data

The result from above table shows that in HDFC the employees are more concerned about their career development. And they believe that the PAS is a major aspect of stress at the workplace. While, the HDFC Bank employees are satisfied at the workplace. They believe that the stress is a good factor for career development. Results show that the employees are more aware about the stress and their work conditions at their workplace.

**Table: 3**  
**Chi-Square (Goodness of fit) Testing and Interpretations**

Variables	Chi-square	d.f.	Sig.	Decision
Existence PAS	295.233	4	0.00	Rejected
Organisational growth	132.077	3	0.00	Rejected
Employees development	98.980	3	0.00	Rejected
Meaningful goals	90.097	3	0.00	Rejected
Based on techniques	140.639	3	0.00	Rejected
PAS is differ in all banks	142.217	3	0.00	Rejected
Monetary benefits	256.301	4	0.00	Rejected
Different parameters	292.030	5	0.00	Rejected
Common factors	210.115	1	0.00	Rejected
Effective in all banks	169.645	4	0.00	Rejected
Mandatory	190.726	3	0.00	Rejected
Higher authority	166.512	3	0.00	Rejected
Employees concerned	187.137	4	0.00	Rejected
Ser standards	222.923	4	0.00	Rejected
Positive Impact	177.104	4	0.00	Rejected
Constructive criticisms	250.013	1	0.00	Rejected
Barriers of promotions	226.736	4	0.00	Rejected
Creating diversity	185.331	1	0.00	Rejected
Best employees	188.542	4	0.00	Rejected
Cause of stress	181.552	4	0.00	Rejected

Change behaviour	301.585	4	0.00	Rejected
Develop conflicts	206.936	4	0.00	Rejected
Job satisfaction	171.836	3	0.00	Rejected
Financial benefits	243.525	4	0.00	Rejected
Healthy competition	193.492	4	0.00	Rejected
Online	161.585		0.00	Rejected
Training programme	266.401	4	0.00	Rejected
External reviewers	148.876	4	0.00	Rejected
Degree performance	211.753	4	0.00	Rejected
Monthly basis	158.241	4	0.00	Rejected

Source : Primary Data

It is clear from the above table that the null hypothesis is rejected as the assumed significance value (P value) of the significance) i.e., 0.0000 which indicate that there is a significant difference between performance appraisal systems in the PNB and HDFC banks. An independent 't' test has applied to compare the opinion of selected employee's of PNB and HDFC banks about the performance appraisal system parameters of PNB and HDFC bank. Hypothesis testing using Independent t test has been carried out to compare the employee's responsiveness on the basis of given dimensions of performance appraisal system (PAS) among employees of PNB and HDFC.

**Table : 4**  
**Groups Statistics**

Variable	Bank	N	Mean	Std. Deviation	Std. Error Mean
Stress	PNB	147	7.95	1.82	0.15
	HDFC	147	8.25	1.41	0.12
Satisfaction	PNB	147	8.01	1.75	0.14
	HDFC	147	8.55	1.58	0.13
Career	PNB	147	8.67	2.16	0.19
	HDFC	147	8.51	1.61	0.13

Source : Primary Data

The above table shows the group statistics which describes the mean difference, standard deviation difference and the standard error of the difference. On the basis of the above table, it can be conclude that there is a difference in the mean and standard deviation between PNB and HDFC banks Similarly, an independent t-test was used to compare the performance appraisal system (PAS) of PNB and HDFC bank with respect to selected parameters.

**Table : 5**  
**Results Independent Samples Test**

Variable for Independents samples Test		Levene's Test for Equality of variances	t-statistics		
		F	T	Df	Sig. (2-tailed)
Stress	Equal Variances Assumed	1.159	-1.565	298	.119
	Equal variances not assumed		-1.565	281.06	.119
Satisfaction	Equal Variances Assumed	.006	-2.820	298	.005
	Equal variances not assumed		-2.280	295.20	.005
	Equal	4.088	.721	298	.471

Career	Variances Assumed				
	Equal variances not assumed		.721	275.47	.471

Source : Primary Data

Above Table shows the parameter of stress has a sig. value 0.119 and career advancement has a sig. value 0.471 which is more than P value 0.05 which shows that null hypothesis is accepted, it means there is a significant difference between the performance appraisal system in PNB and HDFC banks. While, the parameter satisfaction has a sig. value 0.005 which is less than 0.05 indicates that null hypothesis is rejected, it means there is no significant difference between the performance appraisal system in PNB and HDFC banks.

#### Correlation Analysis

The correlation analysis shows the relationship between the two or more factors. The analysis is classified into PNB and HDFC banks.

**Table : 6**  
**Results of Correlation Analysis of PNB**

		Employees Responses	Decision
Stress	Pearson Correlation	.386	Rejected
	Sig. (2-taild)	.000	
	N	147	
Classification	Pearson Correlation	.492	Rejected
	Sig. (2-taild)	.000	
	N	147	
Career Advancement	Pearson Correlation	.469	Rejected
	Sig. (2-taild)	.000	
	N	147	

Source : Primary Data

The above table shows that in PNB, the sig. value (0.000) of all the selected factor viz. stress, satisfaction and career advancement is less than as compared to the p value 0.05 which shows that the null hypothesis is rejected it means there is a significant relationship between components of performance appraisal. In other words it can also be said that factor career advancement is found a highest correlation .499 with employees responses while, correlation with satisfaction is marked at .469 and stress is marked least correlation at .386.

**Table : 7**  
**Results of Correlation Analysis of HDFC**

		Employees Responses	Decision
Stress	Pearson Correlation	.027	Rejected
	Sig. (2-taild)	.789	
	N	147	
Classification	Pearson Correlation	.548	Rejected
	Sig. (2-taild)	.000	
	N	147	
Career Advancement	Pearson Correlation	.508	Rejected
	Sig. (2-taild)	.000	
	N	147	

Source : Primary Data

The above table shows that in HDFC the calculated p value (0.000) of the selected variables viz. satisfaction and career advancement is less than as the assumed significance value(p value) of all these variables 0.05(@ 5% level of significance) which indicated that the null hypothesis is rejected it means there is a significant relationship between components of performance appraisal. On the other hand, the calculated p value of variables stress .789is more than the assumed significance value (p value) 0.05(@ 5% level of significance) which indicated that the null hypothesis is accepted hence there is no significant association.

**Table : 8**  
**Comparative Correlation among PNB and HDFC banks.**

		<b>PNB</b>	<b>HDFC</b>
Stress	Pearson Correlation	.386	0.027
	Sig. (2-taild)	.000	0.789
	N	147	147
Classification	Pearson Correlation	.492	0.548
	Sig. (2-taild)	.000	0.000
	N	147	147
Career Advancement	Pearson Correlation	.469	0.508
	Sig. (2-taild)	.000	.000
	N	147	147

*Source : Primary Data*

It is clear from the above table that correlation value of stress in PNB is 0.386 and calculated p value is 0.000 while in HDFC bank the correlation value is 0.027 and p value is 0.789 shows that privet sector employees are suffered more stress as compared to the PNB. The correlation value of variable satisfaction in PNB is 0.492 and p value is 0.000 and in HDFC the value is .548 and p value is 0.000 which shows that the PNB employees are more satisfied as compared to HDFC bank. The correlation value of variable career advancement in PNB is 0.469 and p value is 0.000 and in HDFC bank the value is .508 and p value is 0.000 shows that the HDFC bank employees are more concern about the career advancement.

**Findings of the Study:**

The poor performance appraisal system cause more stress hence it should be moderated in the favor of optimum evaluation system. The government sector employees must be trained and directed towards career development so that they may able to take more developmental risks at workplace. The satisfaction level of the employees should be based on the optimum evaluation system in turn, some financial rewards may also be given to the employees after performance appraisal at the end of each year. The growth of the organization can also be measure through employee's performance at workplace, where moderated stress of work should be allotted by the management.

**V.CONCLUSION**

On the whole it can be concluded that the HDFC employees are more aware about PAS and they feel more stress at workplace as compared to the PNB employees. Hence, it can be concluded that the employees are more affected by the factors of performance appraisal. The stress faced by the employee has been used as a motivated tool for their growth.

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