

Role of Performance Appraisal in Motivation of Bank Employees

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Abstract: *Performance appraisal is an important tool for effective management and motivating employees in the banking sector. The performance of an organization is dependent upon the performance of its employees. The success of an organization will therefore depend on its ability to measure accurately the performance of its ability to measure accurately the performance of its employees and use its objectivity to optimize them as a vital resource. In the globalised economy and competitive environment, ensuring the peak performance of the employees is very important in order to compete and survive at the market place effectively. A sample of 150 employees from different public and private sector banks were selected through convenience sampling. A questionnaire was developed and administered on the sample in order to measure the performance appraisal and motivation variables. The result of the study indicates that there is a positive and significant relationship between performance appraisal and motivation.*

Keywords: *Performance Appraisal, motivation, employee efficiency, productivity*

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I. Introduction

Motivation is a combination of factors that operate within each individual and requires a combination of approaches. Performance appraisal is a very important factor which motivates an employee directly. Performance appraisal directly affects the motivational level of employees. Factors of Performance appraisal also play an important role towards the employees' performance. Today's work environment is undergoing a major shift; factors such as globalization, growing economies, and improved technology are constantly presenting new challenges and creating new opportunities for the employees. With these changes, employee's perceptions regarding their jobs are also changing. In this grow-or-die marketplace, the success of any organization relies on its workforce.

The term 'performance' refers to a set of outcome produced during a certain period of their job time and does not refer to the traits, personal characteristics or competencies of the performer. The evaluation of employee's performance reveals the contribution of an individual in the organization's objectives. People do not learn unless they are given feedback on the results of their actions. For corrective actions to take place feedback must be provided regularly and it should register both success and failures. This motivates the employees to perform. Motivation is equally important subject area for practitioners and researchers of management all over the world. Motivation is equally relevant to public and private sectors. An employee performance appraisal can act as motivation for an employee to improve its productivity. When an employee's performance is measured against the set goals and objectives, a need can be identified about the future strategies of employee motivation.

"Appraisal" is the evaluation of worth, quality of merit, so 'performance appraisal' of employee's means the evaluation of their performance performed during a certain period of time. In the organizational context, performance appraisal is a systematic evaluation of personnel by supervisors or others with their performance. This is a process which reveals that how well employees perform their jobs when the performance compared with the predetermine set of standards.

II. Review Of Literature

Nabi, Md & Islam, Md (2017) found out how various motivational tools impacts the performance of employees and make them productive. The researcher also examined the de-motivation factors affecting employee's performance negatively. The research was done on primary data viz questionnaire and interview. To analyze the data descriptive statistical analysis method was used. The results showed that motivated employees are productive employees. Motivation enhances their effectiveness and efficiency. It was evident from the analysis that motivation and employee performance are interrelated. Extrinsic factors, Job enrichment, Performance Appraisal, Relationships, Job security, growth opportunity etc dominates employees' will to perform and achieve goals of the organization. All the factors which directly or indirectly states how employee gets motivated to perform, affects their performance as well.

As compared to financial resources, human resources have the capability to create competitive advantage for their organizations. Generally speaking, employee performance depends on a large number of factors, such as motivation, appraisals, job satisfaction, training and development and so on, but this paper focuses only on employee motivation, as it has been shown to influence to a significant degree the organizational performance. As Kamalian. A (2010) suggested, a motivated employee has his/her goals aligned with those of the organization and directs his/her efforts in that direction. In addition, these organizations are more successful, as their employees continuously look for ways to improve their work. Getting the employees to reach their full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them.

Porter. P(2016) examined that the most critical think for an organization is to identify the candidate who can be good leaders as well as effective managers. For them to be effective it is very important that they should be self motivated. The researcher reveled the impact of value oriented organizational culture and assessment of work environment on the employee attitudinal factor. Hierarchical multiple regression analysis was used to test the hypotheses. The study suggested that despite of individual differences, the positive work environment can play the role of a significant variable of motivation. Monetary incentives, promotion opportunities, performance appraisal, job description and design, organizational culture plays an important role in maintain the motivational level of employees.

Adaeze (2007) studied the effects of performance appraisal on productivity in an organization and it is geared towards examining the effects of performance appraisal on the productivity of employees in organization. The researcher made use of survey design. In view of the findings, it was discovered that participation of employees in appraisal exercise and the use of performance appraisal resulted to an increase in output to the organization and higher standard of living to the employee because of promotion given and other necessary reward that motivated the employee to work hard. The researcher concludes that problem with the organization's appraisal system lies with implementation rather than method. Consequently, since the intention of the research is not to recommend an entirely new method but to enhance the relationship between the currently used method and its objectives, the researcher conclusion is there summed up in the phrase. Better implementation of the organization's appraisal method is needed so as to be able to match practice with purpose on an intensive advice that the organization should provide an intensive training programme for appraisal. The conclusion draws on the major highlight of the study of the revelation that subordinates are not involved in setting goals and objectives on which they are appraisal.

Arvind. S (2009) evaluated the Performance Appraisal Systems of 33 diverse organizations. The study observed that subjectivity and appraiser bias were most common apprehensions in evaluating performance appraisal system in the organization. Strong needs were felt for identifying measurable parameters for performance evaluation, and providing multiple feedbacks to trim down appraiser bias. Further, objectivity and measurable performance were found to be most desirable areas to help improve performance appraisal system.

Neeraja.S & Aman.S (2009) examined the Employers Perspectives Regarding Performance Appraisal and Reward Philosophy in Insurance Sector in Haryana. They study the employer's perspectives regarding performance appraisal and reward philosophy and the effect of demographic variables on it. The sample is selected on the basis of convenient sampling method. This study is based on the hypothesis that demographic variables and employers opinions are independent of each other.

Rathnaweerage. R (2010) studied attempted to examine the impact of Human Resource Management practices on Human Resource Management outcomes in Sri Lankan public sector banks. The results of this

study revealed that bundles of HRM practices are positively related to better employee satisfaction. Findings of this study show that providing training for employees is positively related to higher employee satisfaction, employee commitment and higher employee retention.

Bhatia.N (2011) studied the need for such employees and how their presence can improve the progress and work efficiency of the organization as a whole. Also focuses on the challenges faced by the HR managers to improve employee engagement for an organization's survival. It also throws light on other aspects of employee engagement like benefits, key indicators and factors influencing employee engagement. It also focuses on the various practices used in private banks.

Singh.S (2013) study covers all the important areas of human resource development in banks. These areas include conceptual clarification about human resource and human resource development in banks, essentials of HRD, the sub-system of human resource development like performance appraisal, training, management development, career planning and development, organization development, participative management, quality circles etc. These primary areas of human resources development will be studied thoroughly to the maximum extent through the means of discussion, interviews, reports, accounts, observations etc.

III. Research Methodology

Objective of the Study

The objectives of the study are as follows:-

- To analyze the role of performance appraisal in the motivational level of public and private sector banks' employees.
- To investigate the benefits of performance appraisal to employees.
- To examine how employees in the banks react to performance appraisals in relation to their motivation levels.

Hypothesis

- H_{01} : There is no significant difference regarding role of performance appraisal for Public and Private sector bank employee's in motivation.
- H_{A1} : There is significant difference regarding role of performance appraisal for Public and Private sector bank employee's in motivation.

Research Design

Descriptive research has been applied, which is also known as statistical research, describes data and characteristics about the population or phenomenon being studied.

Data Collection Tool

Structured questionnaire was being prepared to be filled by the employees of the banks on parameters like: relationship with co-workers, communication flow, feeling of participation, non-biased behavior, work environment etc measured on Likert Five point scale.

IV. Data Analysis & Interpretation

HYPOTHESIS TESTING

Statement 1: Performance plays an important role in employee's motivation.

Null Hypothesis (H_{01}): There is no significant difference regarding role of performance appraisal for Public and Private sector bank employee's in motivation.

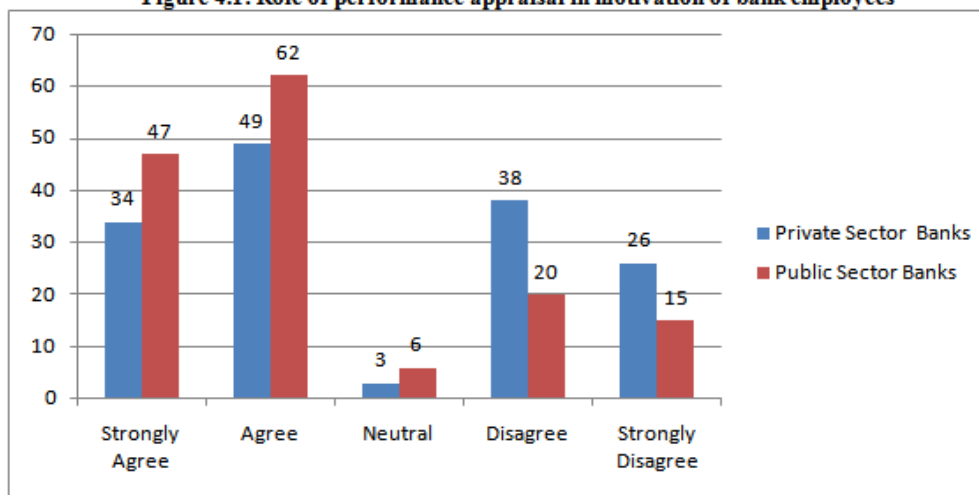
Alternate Hypothesis (H_{A1}): There is significant difference regarding role of performance appraisal for Public and Private sector bank employee's in motivation.

Table 4.1: Role of performance appraisal in motivation of bank employees

Response/ Bank	Employees (Private Banks)	Employees (Public Banks)	Total
Strongly Agree	34	47	81
Agree	49	62	111
Neutral	3	6	9
Disagree	38	20	58
Strongly Disagree	26	15	41
Total	150	150	300

Source: Primary Data (Original collection by the researcher through questionnaire)

Figure 4.1: Role of performance appraisal in motivation of bank employees



Hypothesis Testing

Step 1: Null Hypothesis (H₀): There is an independent relation between two attributes of the research. In this hypothesis the two attributes are performance appraisal and motivational level of private and public sector bank employees.

Step 2: Calculation of Chi-Square Test:

Table 4.2: Observed Frequency table of role of performance appraisal in employee motivation

Response/ Bank	Employee (Private Banks) (A1)	Employees (Public Banks) (A2)	Total
Strongly Agree (B1)	34	47	81
Agree (B2)	49	62	111
Neutral (B3)	3	6	9
Disagree (B4)	38	20	58
Strongly Disagree (B5)	26	15	41
Total	150	150	300

Observed Frequency Table (O_{ij})

Table 4.3: Expected Frequency table of role of performance appraisal in employee motivation

Response/ Bank	Employee (Private Banks) (A1)	Employees (Public Banks) (A2)	Total
Strongly Agree (B1)	40.5	40.5	81
Agree (B2)	55.5	55.5	111
Neutral (B3)	4.5	4.5	9
Disagree (B4)	29	29	58
Strongly Disagree (B5)	20.5	20.5	41
Total	150	150	300

Expected Frequency Table (E_{ij})

Calculation of Expected Frequency= Row Total* Column Total/ Grand Total

Table 4.4: Chi-Square Table of role of performance appraisal in employee motivation

Group	Observed Frequency (O_{ij})	Expected Frequency (E_{ij})	$O_{ij} - E_{ij}$	$(O_{ij} - E_{ij})^2$	$(O_{ij} - E_{ij})^2 / E_{ij}$
A1B1	34	40.5	-6.5	42.25	1.04
A2B1	47	40.5	6.5	42.25	1.04
A1B2	49	55.5	-6.6	43.56	.76
A2B2	62	55.5	6.5	42.25	.76
A1B3	3	4.5	-1.5	2.25	.5
A2B3	6	4.5	1.5	2.25	.5
A1B4	38	29	9	81	2.79
A2B4	20	29	-9	81	2.79
A1B5	26	20.5	5.5	30.25	1.47
A2B5	15	20.5	-5.5	30.25	1.47
Total					13.14

=13.14

Step 3: Calculation of Degree of Freedom:

$$\begin{aligned} \text{d.f.} &= (r-1)*(c-1) \\ &= (2-1)*(5-1) \\ &= 4 \end{aligned}$$

Whereas, r= No. of Rows, C= No. of Columns

Step 4: Level of Significance:

In this hypothesis testing researcher take the significance level at 5 per cent, and then this implies that H_0 will be rejected when the sampling result has a less than 0.05 probability of occurring if H_0 is true. The table value of for 4 degree of freedom at 5% level of significance is 9.488

Step 5: Testing the Hypothesis:

The calculated value of (13.14) which is more than the table value (9.488), hence the **null hypothesis (H_0) is rejected and alternate hypothesis (H_1) is accepted. Hence, there is significant difference regarding role of performance appraisal for Public and Private sector bank employee's in motivation.**

V. Conclusion

Performance appraisal is one of the factors that play an important role in employee's motivation. There is a significant difference regarding the role of performance appraisal for public and private sector bank employees' in motivation. Employees working with the public and private sector banks both agree that the performance appraisal plays a crucial role in motivating them and gives them satisfaction regarding their job. There is a degree of difference between public and private sector bank employees regarding performance appraisal as a motivational factor. The calculated value of (13.14) which is more than the table value (9.488). The table value of for 4 degree of freedom at 5% level of significance is 9.488. It has been concluded that the performance appraisal should not be perceived just as a regular activity but its importance should be communicated to all the employees and its process should be followed. When in banks performance appraisal is practiced this motivates the employees to perform better and they find it important to work.

VI. Limitations

Each and every employee of all the banks was contacted personally by the researcher for collecting primary data. It was very difficult to get back the filled up questionnaire as the bank employees were very busy even after business hours at their work spot. Many employees collected the questionnaire in advance and

promised to return them in two or three days. But while going back to get back the filled in questionnaire from the respondents the researcher got the answer like questionnaire was lost, forgot to fill up or left it at home. Hence the researcher had to give a new questionnaire again and had to visit again and again.

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