

## **A Study in Perceptions of Employees of Select Commercial Banks Towards Performance Management System**

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**Abstract:** *The current research broadly thrusts upon elucidating the perception of Commercial Bank employees 'of Bhubaneswar towards performance management system (PMS). A blend of qualitative (focus group discussion) and quantitative techniques (primary survey through questionnaire) were followed to fulfill the purpose of the research. The preliminary results of the research show that, the overall perception of bank employees' towards PMS is satisfactory. But there is an indication of dissatisfaction amongst employees pertaining to their involvement in goal setting, linkage between financial target achievement & annual bonus, reward system and encouragement of innovation. The current research offers opportunities for scales development on PMS components, Balanced scorecard & PMS and employee satisfaction & PMS effectiveness. In the similar end future empirical studies can also be carried out to examine the influence of PMS effectiveness on employee retention and employee engagement. The results of the research would offer impetus to policy makers to bring necessary amendments in the PMS by identifying the loopholes.*

**Key words:** *Balanced Score Card, Effectiveness, Employee, Perception, Performance Management System*

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### **I. Introduction**

Banking sector, the backbone of India's financial system is one of the leading service sectors in Indian economy. The banking system is the fuel injection system which spurs economic efficiency by mobilizing savings and facilitating them to high return investment. Commercial Banks refer to both scheduled and non-scheduled commercial banks and regulated under Banking Regulation Act, 1949 [1], plays a major role in the financial development of India. Commercial bank credit as per cent of GDP picked up steadily from 5.8 per cent in 1951 to 56.5 per cent by 2012 [2]. The fostering of different type of institutions that catered to the divergent banking need to various sector of the economy is the unique feature of Indian banking sector which distinguish it from the banking sector of other countries. Over the last three decades, there has been a remarkable increase in the size, spread and activities of banks in India. The number of bank branches rose considerably during this period. The business profile of banks has transformed dramatically to include non-traditional activities like merchant banking, mutual funds, new financial services and products and the human resource development. Change is the only constant factor in this dynamic world and banking is not an exception. The changes staring in the face of bankers relates to the fundamental way of banking-which is undergoing rapid transformation in the world of today. The major challenge faced by banks today is to protect the falling margins due to the impact of competition. Another significant impact of banks today is the use of technology. There is an imperative need for not mere technology up gradation but also its integration with the general way of functioning of banks. Thus banks need to continuously improve qualities, focus on cost management in order to attract more customers. In this journey, the role of the human capital is paramount as the performance of any organization largely relies on the capabilities of its manpower. Hence banks can be successful in managing their overall performance by monitoring the performance of their employees, teams in regular interval. All this can be possible with the help of an effective performance management system.

Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individuals contributors [3]. People are the key driver for any organization's success and performance management system is the tool for both individual and organizational effectiveness. Performance management is essentially about planning, measuring, monitoring and enhancing the performance of employees [4]. Performance management system uses separate metrics for organization, manager, team and individuals to achieve the mutual goals. Hence, it can be termed as a structured and systematic process for enhancing the organizational performance through individual and team. PMS envisioned at aligning the goals of the organisation with the annual objectives of individual employees so that everyone knows what is expected of them and so that managers can support and even reward good performance [5]. As PMS establishes a link between individual contributions with organizational achievements, it stressed upon employees clarity on organizational strategy so that it can offer sustainable results to all the stakeholders. Balanced scorecard being one of the important approaches to measure organizational performance [6] plays a critical role in enhancing the effectiveness of PMS. Originally developed by Norton & Kaplan, the balanced scorecard revolves mainly

around the four perspectives viz. financial, customer, internal processes, and learning [7]. As evident from research [8, 9, 10, 11, 12] many banks both in India and overseas started implementing this multi-dimensional corporate scorecard for intensifying the value of PMS.

## **II. Literature Review**

Banks have to understand that the capital and technology-considered to be the most important pillars of banking are replicable, but not human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage [13]. After 1997 crisis, banking industry meet more challenges from new financial landscape. Aiming to improve organizational performance, they have been adopting management tools, namely performance management. To enhance impacts of performance management, it is important to understand employees' perceived performance management effectiveness since the process requires high involvement and commitment from employees. Khandelwal Committee [14] has given its recommendations on HR reforms on public sector banks. Recommendations pertaining to performance management system stated that, all categories of staff including workmen staff to be covered by PMS; PMS to be a credible, transparent and interactive system; Online PMS also need be introduced.; All performance plans to include statement of key activities under KPA/KRA and linkage to Branch/Regional/Functional/Business Unit/ Organizational goals; PSBs to introduce 360 degree feedback as a leadership development, succession management and grooming tool for executives in Scale IV and above. Similarly, Chakrabarty [2] revealed that a transparent performance management process enhances the abilities and morale of the human resource. Being a part of top management in different banks, he observed that because of faulty performance management system which is more subjective or impressionistic in nature promotion exercise of the banks are getting affected. Further he stated that that performance rating of a big majority of the employees falls in the top quartile. But the HR continues to complain about not having adequate number of good people. This dichotomy highlights the failures of the existing PMS in banks. Thus, the existing PMS needs to be objective so that it would instill more discipline in the way performance is judged across banking system today and enable the banks to devise their reward and motivations schemes along with the training and development programme. Talukder, Yahin and Nahin [15] stated that a business unit of the bank is totally performance oriented. Employees of that units promotes according to their performance. Annual Confidential Report (ACR) was normally used as an important tool for the evaluation of employees' performance, which had a great impact on their future up-gradation particularly for MTOs (Management Trainee Officer). In business unit variables of performance are the ratio of loan recover, new customer creation etc. While giving recommendations to the Commercial banks of Bangladesh on HRM practices, the author further stated that banks should apply standard techniques for employees' job evaluation, performance measurement and audit as a routine work. On the basis of the result, their duties and responsibilities should be redesigned and restructured. Because it will reduce the repetitive work and reduce monotonous environment [16], conducted a study on effectiveness of performance management in Thai Banking industry with the prime objective to explore how employees in commercial banks perceive effectiveness of performance management and factors affecting levels of perceived performance management effectiveness. The study stated that many banks in Thailand are vigorously implementing performance management system to help them better manage their employee's performance and in turn, it affects organizational performance. The study further revealed the positive linkage of performance management effectiveness with coaching, performance evaluation, reward, feedback etc. Alamelu, Badrinath & Vivekapriya [17] in their case study "Performance Management System: A HR Strategy in Banks" studied the opinion of clerical and executive cadres employees of SBI branches of Kumbakonam, Tamil Nadu towards their existing PMS and analyzed its strength and weakness. The finding of the study summarized that 'increased responsibility' and 'effective management control' is the major expected qualitative outcome of PMS whereas 'higher productivity' is the expected quantitative outcome. According to the respondents the major strength of PMS was that it is easy to understand and well thought system. Similarly, the subjective nature of PMS was considered as the major weakness. The authors have suggested that implementing HR score card in a banking environment will ensure the quantitative way of measuring HR activities and linked with employee performance measures. Vyas [18] had done an empirical study on, 'Performance Management Systems in Banks: Practices and Effectiveness'. An attempt has been made to study performance management system in banking sector with the objectives to understand the frequency with which performance is evaluated, to know the methods used for performance evaluation, to understand the parameters and to apply performance assessment to other areas of HR like training and development, rewards and promotions. The study covers eight banks – five from private sector and three from public sector. The study revealed that majority of the banks follow performance evaluation on yearly basis. There is a combination of performance appraisal that is about 50 percent banks use the self and supervisor's assessment, followed by 37.5 percent using the 360 degree appraisal and only 12.5 percent use supervisors' assessment method. It is found that most of the banks use on-line performance evaluation. It is observed that less than 40 percent of the banks use performance evaluation for identifying the training needs. The results of

the study indicate that there is a scope for improvement in the performance appraisal system in banks. Mbugua, Waiganjo and Njeru [19] examined the relationship between strategic performance management practices and employee retention in commercial banks in Kenya. The authors characterized 'performance management' as a type of Human Resource practice that can effectively help an organization to meet its retention objectives, in addition to other important business goals. The data was collected through questionnaire from 44 commercial banks in Kenya and was analyzed using descriptive statistics mainly percentages and frequency distribution. Correlation and regression analysis were used to test the relationship between the variables. The study established that organizations used strategic performance management through clear action value plan, target setting, setting of the realistic budgets, forecasting, performance measurements and review and finally compensation based on performance. The strategic performance management influenced the employee retention. The study recommended that the management of all commercial banks should employ more strategic performance management practices with the view of enhancing employee retention. Upadhaya & Gupta [20] in their study attempted to identify the efficacy of PMS at ICICI Bank. The study was undertaken in ICICI Bank Ahmedabad to identify the factors contributing to efficacy of performance management system. The study concluded that effectiveness of performance management system was contributed by clarity of goals, clear job description, flexible goals, broader mapping of the performance rather than only job. The Balanced Scorecard method is a strategic approach and performance management system that enables the organizations to translate its vision and strategy into implementation [21]. A paper by Ozturk and Coskun [8] provided the literature with a theoretical background on implementation of the balanced scorecard on strategic performance management in banking industry. The main aim of the study was to reveal the Balanced Scorecard practices in the literature. The literature of their study revealed that balanced score card is especially popular for performance management process in banks. Findings showed that it is more beneficial to prepare the balanced scorecard for the banks than to report financial performance only in terms of evaluating performance with a holistic approach. A study by Zhang and Longyi Li [22] stated that the Balanced Scorecard raises the value of performance management appraisal system based on the introduction of customer factors, internal business processes, employee learning and growth and financial factors. Panicker and Seshadri [23] in their study depicted that performance management plays a pivotal task in evaluating the strategic performance of commercial banks. The authors made a study about how to use the Balanced Scorecard (BSC) as a tool, which is applied to commercial banks' performance management system. The purpose of this study was to contribute to the understanding of how BSC is developed and applied in evaluating the performance of Standard Chartered Bank (SCB), a foreign bank in India. Using the concepts of Kaplan and Norton, and the data made available from the bank's financial and non-financial data, BSC was derived to measure the performance of the foreign bank in India during 2009-2012. The analysis assisted the cause-effect relationships between the non-financial, and the financial dimensions of the BSC. The study revealed that the learning and growth perspective of the BSC was better than the customer perspective, financial and internal process. The bank has scored almost 100 per cent on employee appraised, training received and employee engagement. These findings showed that the bank definitely values its stakeholder's, the employees.

### **III. Objectives of the Study**

To elucidate the perception of commercial bank employees' of Bhubaneswar towards:

1. performance management system
2. balanced scorecard as a strategic performance management tool
3. performance management system role in employee job satisfaction

### **IV. Methodology**

In this research a mixed approach including both qualitative and quantitative techniques were used. Under qualitative approach focus group discussion was followed which provided better impetus to the questionnaire. Similarly, primary data collection through questionnaire (including 65 items) was the tool used for quantitative approach. The questionnaire has five different sections like: respondents' profile, PMS aspects, PMS components, balanced scorecard as a strategic performance management tool and employee satisfaction & effectiveness of PMS. Section I of the questionnaire includes general information about the respondents like age, gender, education, experience, name of the bank, branch, level and designation and for this the nominal scale was used. The section II of the questionnaire is further segregated into four parts. PMS aspects include nine statements, thirty two statements under PMS components, ten statements under balanced scorecard and fourteen statements under the last part respectively. For all the statements under the above said section five point Likert Scale was used (5-Strongly Agree & 1- Strongly Disagree). The reliability of the questionnaire was estimated by Cronbach's alpha which is commonly used as a measure of the internal consistency of reliability [24]. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is as "≥ 0.9 - Excellent, ≥ 0.8 Good, ≥ 0.7 - Acceptable, ≥ 0.6 - Questionable, ≥ 0.5 - Poor, and <0.5 - Unacceptable"

[25, 26, 27]. The result shows that the overall Cronbach’s alpha (.960) is acceptable level. The non-probability convenience sampling method was used to select the banks and random sampling method was used for selecting the respondents. The target population for the current research was the Commercial bank employees. The sample banks were State Bank of India (SBI), Bank of India (BOI), The Housing Development Finance Corporation (HDFC) and Axis Bank of Bhubaneswar, Odisha. The data was collected during April-July, 2016. A suggested sample size of 200 to 500 should be adequate for the data analysis technique [28, 29, 25, 26]. For this study, due to some constraints like busy work schedule of the bank employees, unwillingness to fill up the questionnaire etc. a total of 364 questionnaires were collected out of which 51 were eliminated as these were not filled up completely and few of the respondents have given biased response to all the statements. This brought down the total sample size to 313 (SBI-94, BOI-72, HDFC-72 & Axis-75 ).

**V. Data Analysis and Interpretation**

**5.1 Profile Analysis of Respondents:**

Out of the total three hundred thirteen respondents, 46.6% falls under the age category of 26-35, 26.8% belongs to above 45 years age, 15% comes between 36-45 age category, whereas only 11.5% are under 25 years. It can be visualize from the age-wise analysis of the sample that 58.1% of the respondents are youngsters. While analyzing the gender of the respondents it is found that 62.9% are male and 37.1% are female. Out of the total respondents majority of them i.e., 65.8% are having Master’s degree, 31.0% of the respondents are graduates and only 3.2% are having other degrees. With respect to years of experience 33.5% of respondents are having above 10 years of experience, whereas 31.0 are having 6-10 years of experience, only 11.2% of them are less than 2 years of experience and similarly 24.3% belongs to the experience category of 2-5 years. The sample banks for the current research includes: State Bank of India, Bank of India, HDFC bank and Axis Bank. Out of the total respondents 30% are from SBI, 24% from Axis Bank, Bank of India and HDFC bank includes a sample size of 23% each. A sample size of 44.7% each from lower & middle level, 10.5% from upper level are included in the current research.

**Table 5.1.1: Respondents’ Profile**

Demographic Characteristics	Category	Percentage (%)
Age	<25	11.5
	26-35	46.6
	36-45	15.0
	>45	26.8
Gender	Male	62.9
	Female	37.1
Education	Graduation	31.0
	Masters	65.8
	Others	3.2
Total Experience	<2 years	11.2
	2-5 years	24.3
	6-10 years	31.0
	Above 10 years	33.5
Name of the Bank	State Bank of India	30.0
	Bank of India	23.0
	HDFC Bank	23.0
	Axis Bank	24.0
Levels of Management	Lower	44.7
	Middle	44.7
	Upper	10.5

**5.2 Respondents’ Perception towards Performance Management System Aspects:**

This section explains the respondents’ perception towards performance management aspects through descriptive analysis. The generic statements related to PMS are covered in this section. The statements covers goal setting, clarity on mission and business plan, alignment of team and individual objectives with organizational mission, inclusion of key result areas in job description, management and employees’ accountability to name a few.

**Table 5.2.1:Public Sector Bank’s Respondents’ Perception towards Performance Management System Aspects**

Statement	State Bank of India (%)					Bank of India (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
A1	0	0	1.1	63.8	35.1	0	0	4.2	58.3	37.5
A2	0	0	13.8	51.1	35.1	0	0	18.1	59.7	22.2
A3	0	2.1	20.2	41.5	36.2	0	0	11.1	58.3	30.6
A4	2.1	16.0	29.8	37.2	14.9	4.2	37.5	23.6	25.0	9.7
A5	1.1	8.5	21.3	54.3	14.9	0	8.3	15.3	63.9	12.5
A6	11.7	13.8	28.7	37.2	8.5	5.6	37.5	19.4	33.3	4.2

A7	5.3	2.1	9.6	53.2	29.8	0	5.6	9.7	54.2	30.6
A8	3.2	2.1	23.4	48.9	22.3	0	5.6	19.4	44.4	30.6
A9	0	6.4	23.4	48.9	21.3	4.2	4.2	30.6	34.7	26.4

Table 5.2.1 demonstrates Public Sector Bank’s (SBI & BOI) employees’ perception towards PMS aspects. A1, A2 and A3 got a positive response from the respondents’. Hence, we may conclude that in the above said banks, goals and appropriate performance standards are set, PMS also contribute significantly towards business plan objective achievement and there is proper alignment of team & individual objectives with the mission and strategy of the banks. Further it is evident from A4 that in SBI there is more involvement of employees in PMS whereas the respondents’ from BOI have given a negative reaction for the same. The respondents’ reaction towards A5, A7, A8 and A9 in both public sector banks are quite positive. PMS’s role in communicating organizational goals, KRA explanation in job description, senior management accountability and employees’ commitment towards PMS implementation seems to be quite satisfactory in both the banks. Although both the bank employees’ are quite dissatisfied so far as goal setting for performance evaluation is concerned (A6), but comparatively BOI employees’ are more disappointed with the same.

**Table 5.2.2:** Private Sector Bank’s Respondents’ Perception towards Performance Management System Aspects

Statement	HDFC Bank (%)					Axis Bank (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
A1	1.4	1.4	11.1	48.6	37.5	0	0	0	58.7	41.3
A2	0	6.9	4.2	54.2	34.7	0	0	14.7	52.0	33.3
A3	1.4	1.4	6.9	65.3	25.0	0	0	4.0	45.3	50.7
A4	4.2	16.7	22.2	51.4	5.6	0	5.3	34.7	50.7	9.3
A5	4.2	13.9	13.9	43.1	25.0	0	1.3	5.3	64.0	29.3
A6	6.9	16.7	29.2	27.8	19.4	0	4.0	28.0	62.7	5.3
A7	4.2	4.2	11.1	37.5	43.1	0	0	8.0	65.3	26.7
A8	1.4	4.2	18.1	40.3	36.1	0	0	4.0	78.7	17.3
A9	2.8	1.4	29.2	45.8	20.8	0	0	16.0	57.3	26.7

Table 5.2.2 depicts the private sector bank’s respondents’ perception towards PMS aspects. Goal setting and performance standard for individual, team and organization are appropriately done in both the banks (A1). PMS’s role towards achievement of business plan objectives is appreciably positive in case of Axis Bank, as there is no disagreement of the respondents in this case (A2). Similarly, alignment of team and individual objectives with mission and strategy of the banks has also got significant positive response (A3) in both the private banks. Unlike public sector banks, HDFC bank employees’ seem to be bit disappointed so far as employees involvement in goal setting for self is concern (A6). Further in the same statement more than one fourth respondents’ have given a neutral response in both banks. Employees’ view towards employees’ involvement in PMS, PMS role in communication of organizational goals, KRA in job description, senior management accountability and employees’ commitment towards PMS implementation is quite satisfactory (A4, A5, A7, A8& A9).

**5.3 Respondents’ Perception towards Performance Management System Components:**

The current section includes descriptive analysis of multiple questions pertaining to PMS components. The analyses of all the four sample banks are presented in the given tables.

**Table 5.3.1:** Public Sector Bank’s Respondents’ perception towards Performance Management System Components

Statement	State Bank of India (%)					Bank of India (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
B1	1.1	11.7	14.9	59.6	12.8	0	6.9	22.2	62.5	8.3
B2	7.4	10.6	19.1	52.1	10.6	0	1.4	34.7	62.5	1.4
B3	1.1	1.1	17.0	57.4	23.4	0	8.3	22.2	52.8	16.7
B4	2.1	11.7	29.8	45.7	10.6	8.3	23.6	29.2	34.7	4.2
B5	5.3	12.8	18.1	55.3	8.5	1.4	15.3	43.1	34.7	5.6
B6	1.1	12.8	22.3	52.1	11.7	4.2	31.9	43.1	18.1	2.8
B7	2.1	6.4	28.7	50.0	12.8	0	22.2	26.4	50.0	1.4
B8	0	4.3	33.0	43.6	19.1	5.6	2.8	23.6	54.2	13.9
B9	4.3	21.3	39.4	31.9	3.2	6.9	29.2	37.5	18.1	8.3
B10	1.1	8.3	33.0	50.0	7.4	0	19.4	25.0	47.2	8.3
B11	0	5.3	20.2	58.5	16.0	2.8	12.5	41.7	20.8	22.2
B12	0	5.3	14.9	59.6	20.2	0	12.5	19.4	41.7	26.4
B13	2.1	4.3	23.4	53.2	17.0	1.4	18.1	22.2	29.2	29.2
B14	2.1	5.3	22.3	47.9	22.3	6.9	12.5	20.8	40.3	19.4
B15	5.3	20.2	30.9	39.4	4.3	12.5	26.4	33.3	25.0	2.8
B16	1.1	5.3	13.8	54.3	25.5	0	2.8	12.5	55.6	29.2

<b>B17</b>	0	1.1	9.6	38.3	51.1	0	1.4	4.2	54.2	40.3
<b>B18</b>	0	2.1	17.0	58.5	22.3	1.4	8.3	13.9	69.4	6.9
<b>B19</b>	5.3	17.0	27.7	41.5	8.5	2.8	25.0	34.7	36.1	1.4
<b>B20</b>	0	1.1	19.1	60.6	19.1	1.4	11.1	6.9	52.8	27.8
<b>B21</b>	1.1	1.1	20.2	54.3	23.4	0	1.4	16.7	56.9	25.0
<b>B22</b>	0	8.5	23.4	57.4	10.6	1.4	20.8	33.3	36.1	8.3
<b>B23</b>	0	2.1	27.7	61.7	8.5	0	11.1	20.8	59.7	8.3
<b>B24</b>	4.3	0	16.0	64.9	14.9	2.8	18.1	26.4	45.8	6.9
<b>B25</b>	0	6.4	8.5	62.8	22.3	0	5.6	0	69.4	25.0
<b>B26</b>	0	13.8	10.6	59.6	16.0	0	1.4	8.3	75.0	15.3
<b>B27</b>	1.1	8.5	17.	51.1	22.3	0	11.1	20.8	43.1	25.0
<b>B28</b>	4.3	20.2	30.9	39.4	5.3	2.8	22.2	36.1	36.1	2.8
<b>B29</b>	2.1	8.5	9.6	59.6	20.2	0	11.1	33.3	31.9	23.6
<b>B30</b>	1.1	8.5	14.9	52.1	23.4	1.4	15.3	16.7	54.2	12.5
<b>B31</b>	1.1	2.1	22.3	47.9	26.6	0	15.3	27.8	48.6	8.3
<b>B32</b>	1.1	2.1	13.8	52.1	30.9	0	12.5	25.0	54.2	8.3

Table 5.3.1 represents respondents’ perception towards PMS components of public sector banks. Employees of both the public sector banks are quite happy with the training & development programs (B16, B29, B30) and performance appraisal system (B13, B14, B21). Provision for formal performance review (B24), formal communication process (B25), job rotation (B17), supportive superior (B31), scope for discussion with superior (B8), effective feedback (B5, B32), PMS reward linkage (B27), clarity on performance measurement criteria (B26), consideration of uncontrollable factors under feedback (B23), ample opportunities for post-training skill utilization (B18), PMS’s focus on growth & development (B3) and recognition for dedication & loyalty (B20) grabbed good scoring from the respondents of both public and private banks. The public sector bank (SBI & BOI) employees are quite dissatisfied with the current reward system and annual bonus & incentive programs of the bank (B28 & B15). Except Axis bank, in all the other sample banks (SBI, Bank of India & HDFC bank) employees are quite dissatisfied with the link between bank’s financial target achievement and annual bonus (B9). The promotion policy and mid-term review provision (B6 & B11) is significantly good in SBI and dissatisfactory in Bank of India. Factors facilitating and hindering performance got a moderately good scoring in BOI whereas in case of other three banks it is fairly good. Constructive criticism and timely information about issues affecting job performance under PMS review process(B22) is quite dissatisfactory in BOI.

**Table 5.3.2:** Private Sector Bank’s Respondents’ perception towards Performance Management System Components

Statement	HDFC Bank (%)					Axis Bank (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
<b>B1</b>	0	6.9	6.9	62.5	23.6	0	1.3	5.3	73.3	20.0
<b>B2</b>	2.8	8.3	26.4	47.2	15.3	0	0	26.7	62.7	10.7
<b>B3</b>	0	5.6	9.7	54.2	30.6	0	0	2.7	73.3	24.0
<b>B4</b>	6.9	27.8	6.9	41.7	16.7	0	2.7	10.7	76.0	10.7
<b>B5</b>	2.8	6.9	12.5	54.2	23.6	0	0	9.3	69.3	21.3
<b>B6</b>	0	6.9	11.1	55.6	26.4	0	1.3	24.0	53.3	21.3
<b>B7</b>	4.2	11.1	2.8	55.6	26.4	0	2.7	25.3	44.0	28.0
<b>B8</b>	2.8	6.9	12.5	45.8	31.9	0	0	17.3	68.0	14.7
<b>B9</b>	0	4.2	13.9	38.9	43.1	0	1.3	24.0	62.7	12.0
<b>B10</b>	1.4	16.7	12.5	48.6	20.8	0	0	8.0	80.0	12.0
<b>B11</b>	1.4	5.6	9.7	48.6	34.7	0	0	16.0	66.7	17.3
<b>B12</b>	0	2.8	9.7	50.0	37.5	0	0	2.7	74.7	22.7
<b>B13</b>	2.8	6.9	8.3	48.6	33.3	0	2.7	10.7	70.3	16.0
<b>B14</b>	0	1.4	19.4	59.7	19.4	0	2.7	14.7	77.3	5.3
<b>B15</b>	1.4	2.8	11.1	40.3	44.4	0	0	25.3	48.0	26.7
<b>B16</b>	4.2	1.4	11.1	50.0	33.3	0	0	12.0	56.0	32.0
<b>B17</b>	1.4	2.8	6.9	51.4	37.5	0	0	5.3	73.3	21.3
<b>B18</b>	1.4	5.6	5.6	56.9	30.6	0	1.3	5.3	85.3	8.0
<b>B19</b>	2.8	9.7	18.1	43.1	26.4	0	0	21.3	65.3	13.3
<b>B20</b>	0	1.4	18.1	40.3	40.3	0	0	9.3	64.0	26.7
<b>B21</b>	0	6.9	5.6	61.1	26.4	0	0	16.1	74.7	9.3
<b>B22</b>	1.4	9.7	6.9	65.3	16.7	0	0	9.3	84.0	6.7
<b>B23</b>	2.8	9.7	6.9	59.7	20.8	0	0	8.0	84.0	8.0
<b>B24</b>	2.8	6.9	5.6	56.9	27.8	0	1.3	30.7	61.3	6.7
<b>B25</b>	1.4	5.6	12.5	50.0	30.6	0	0	1.3	65.3	33.3
<b>B26</b>	0	13.9	15.3	40.3	30.6	0	0	13.3	48.0	38.7
<b>B27</b>	0	4.2	4.2	50.0	41.7	0	1.3	9.3	73.3	16.0
<b>B28</b>	0	6.9	11.1	62.5	19.4	0	2.7	21.3	66.7	9.3
<b>B29</b>	1.4	4.2	2.8	54.2	37.5	0	4.0	16.0	58.7	21.3

<b>B30</b>	0	4.2	5.6	61.1	29.2	0	1.3	10.7	80.0	8.0
<b>B31</b>	1.4	6.9	15.3	54.2	22.2	0	0	16.0	77.3	6.7
<b>B32</b>	0	6.9	16.7	55.6	20.8	0	0	17.3	78.7	4.0

Respondents’ perception towards PMS components of public sector banks is illustrated in Table 5.3.2. Unlike the public sector banks, the respondents’ private banks have also given optimistic reaction to the training & development programs (B16, B29,B30) and performance appraisal system (B13, B14, B21). Provision for formal performance review (B24), formal communication process (B25), job rotation (B17), supportive superior (B31), scope for discussion with superior (B8), effective feedback (B5, B32), PMS reward linkage (B27), clarity on performance measurement criteria (B26), consideration of uncontrollable factors under feedback (B23), ample opportunities for post-training skill utilization (B18), PMS’s focus on growth & development (B3) and recognition for dedication & loyalty (B20). Both HDFC and Axis bankare quite satisfied with the current reward system, annual bonus & incentive programs (B28 & B15), promotion policy and mid-term review provision (B6 & B11).Axis bank offers generous opportunities for career growth (B12), welcomes discussion between appraise & appraiser (B4) and also maintains an excellent connection between performance and reward (B10).Recognition to merit for reward &promotion (B19) is better in the sample private banks (HDFC & Axis banks). The PMS review process of both the private banks provide constructive criticism and timely information about issues affecting job performance (B22).

**5.4 Respondents’ perception towards balanced scorecard as a strategic performance management tool:**

This section covers both public sector and private sector bank’s respondents’ perception towards balanced scorecard as a strategic performance management tool for the banks.

**Table 5.4.1:** Public Sector Bank’s Respondents’ perception towards Balanced Scorecard as a Strategic Performance Management Tool

Statement	State Bank of India (%)					Bank of India (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
<b>C1</b>	0	0	5.3	48.9	45.7	0	0	4.2	70.8	25.0
<b>C2</b>	1.1	1.1	4.3	48.9	44.7	0	0	0	79.2	20.8
<b>C3</b>	0	1.1	11.7	57.4	29.8	0	4.2	15.3	66.7	13.9
<b>C4</b>	0	8.5	17.0	57.4	17.0	0	6.9	25.0	56.9	11.1
<b>C5</b>	0	11.7	11.7	56.4	20.2	0	9.7	23.6	51.4	15.3
<b>C6</b>	0	1.1	21.3	61.7	16.0	0	2.8	16.7	62.5	18.1
<b>C7</b>	1.1	5.3	5.3	62.8	25.5	0	4.2	8.3	56.9	30.6
<b>C8</b>	3.2	6.4	20.2	50.0	20.2	4.2	36.1	22.2	30.6	6.9
<b>C9</b>	0	4.3	11.7	53.2	30.9	0	5.6	25.0	55.6	13.9
<b>C10</b>	1.1	4.3	3.2	42.6	48.9	0	1.4	5.6	34.7	58.3

C1, C2 and C10 grabbed the highest scoring from the respondents’ of both banks in table 5.4.1. Hence, it evident that both the banks maintain a balance between profit, growth and control, they also take initiatives for change and prioritize customer satisfaction. Initiatives for balancing short-term results against long-term capabilities and growth opportunities, fair treatment to performance expectations of different stakeholders, harmonizing Human Resource requirements, connectivity between business plan and financial plan and employees’ awareness towards bank’s vision and individual objectives are well taken by the respondents (C3-C7). BOI does not promote innovation at employees’ level as only 37.5% employees gave a positive node to the statement (C8). But in case of customer relationship management and due weightage to employees’ skill and knowledge respondents of both SBI and BOI are contented.

**Table 5.4.2:** Private Sector Bank’s Respondents’ perception towards Balanced Scorecard as a Strategic Performance Management Tool

Statement	HDFC Bank (%)					Axis Bank (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
<b>C1</b>	1.4	5.6	2.8	38.9	51.4	0	0	2.7	56.0	41.3
<b>C2</b>	0	4.2	8.3	36.1	51.4	0	1.3	12.0	64.0	22.7
<b>C3</b>	0	1.4	20.8	40.3	37.5	0	0	8.0	68.0	24.0
<b>C4</b>	1.4	2.8	13.9	50.0	31.9	0	0	5.3	73.3	21.3
<b>C5</b>	0	8.3	19.4	38.9	33.3	0	1.3	6.7	81.3	10.7
<b>C6</b>	0	2.8	11.1	50.0	36.1	0	0	8.0	66.7	25.3
<b>C7</b>	1.4	6.9	8.3	38.9	44.4	0	0	10.7	42.7	46.7
<b>C8</b>	6.9	19.4	19.4	30.6	23.6	0	14.7	25.3	52.0	8.0
<b>C9</b>	2.8	15.3	13.9	40.3	27.8	0	2.7	6.7	78.7	12.0
<b>C10</b>	2.8	4.2	9.7	41.7	41.7	0	0	6.7	40.0	53.3

Private sector bank’s respondents’ perception towards Balanced Scorecard as a Strategic Performance Management Tool is illustrated in Table 5.4.2. Both the sample banks maintain a balance between profit, growth & control, taken initiatives for change, initiatives for balancing short term results against long term capabilities and growth opportunities, fulfill stakeholders expectation, stress upon balancing HR requirements, establishes link between business plan and financial plan, promotes awareness regarding vision & individual objectives integration, encourages innovation at employee level, give weightage to enrichment of employees skill & knowledge and offers better customer relationship management (C1to C7 & C9, C10). Whereas encouragement of innovation at employees level (C8) is moderately good in both the banks.

**5.5 Respondents’ perception towards effectiveness of PMS:**

Employees of the selected bank are quite satisfied with the contribution of PMS.

**Table 5.5.1: Public Sector Bank’s Respondents’ perception towards Effectiveness of PMS**

Statement	State Bank of India (%)					Bank of India (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
D1	0	5.3	7.4	71.3	16.0	0	5.6	20.8	54.2	19.4
D2	0	7.4	22.3	53.2	17.0	0	16.7	30.6	47.2	5.6
D3	0	13.8	20.2	57.4	8.5	2.8	19.4	37.5	34.7	5.6
D4	0	2.1	29.8	59.6	8.5	0	11.1	30.6	50.0	8.3
D5	0	0	26.6	48.9	24.5	0	4.2	40.3	50.0	5.6
D6	0	6.4	20.2	44.7	28.7	0	6.9	43.1	44.4	5.6
D7	0	6.4	22.3	42.6	28.7	0	5.6	38.9	45.8	9.7
D8	0	11.7	18.1	52.1	18.1	0	0	36.1	59.7	4.2
D9	0	9.6	31.9	45.7	12.8	0	6.9	47.2	34.7	11.1
D10	0	13.8	31.9	43.6	10.6	0	1.4	36.1	55.6	6.9
D11	0	7.4	27.7	44.7	20.2	0	6.9	40.3	47.2	5.6
D12	0	17.0	19.1	41.5	22.3	0	12.5	45.8	31.9	9.7
D13	0	8.5	14.9	45.7	30.9	0	6.9	34.7	54.2	4.2
D14	0	11.7	12.8	44.7	30.9	1.4	4.2	45.8	45.8	2.8

PMS role in strengthening the HR strategy of the bank, sensitive & productive use of performance review information, weightage to all performance dimensions, endorsing performance oriented culture, stimulating employee career advancement, promoting talent management and succession planning, scope for potential appraisal of performers, satisfactory appeal process, participative environment, developing leadership and interpersonal skills, better customer service and effectiveness of PMS are well taken by the respondents (see table 9.1 and 9.2).

**Table 5.5.2: Private Sector Bank’s Respondents’ perception towards Effectiveness of PMS**

Statement	HDFC Bank (%)					Axis Bank (%)				
	SD	D	N	A	SA	SD	D	N	A	SA
D1	0	4.2	4.2	55.6	36.1	0	0	16.0	62.7	21.3
D2	0	4.2	9.7	50.0	36.1	0	2.7	9.3	85.3	2.7
D3	0	1.4	18.1	56.9	23.6	0	0	21.3	66.7	12.0
D4	1.4	4.2	31.9	54.2	8.3	0	1.3	17.3	69.3	12.0
D5	1.4	4.2	13.9	72.2	8.3	0	0	25.3	69.3	5.3
D6	2.8	2.8	13.9	58.3	22.2	0	0	29.3	52.0	18.7
D7	1.4	1.4	23.6	55.6	18.1	0	0	29.3	61.3	9.3
D8	1.4	2.8	26.4	55.6	13.9	0	1.3	26.7	61.3	10.7
D9	0	4.2	15.3	65.3	15.3	0	1.3	38.7	45.3	14.7
D10	1.4	4.2	26.4	54.2	13.9	0	1.3	37.3	49.3	12.0
D11	5.6	4.2	16.7	65.3	8.3	0	0	38.7	49.3	12.0
D12	2.8	0	18.1	56.9	22.2	0	0	10.7	77.3	12.0
D13	1.4	0	12.5	70.8	15.3	0	0	4.0	85.3	10.7
D14	0	2.8	26.4	54.2	16.7	0	0	6.7	92.0	1.3

Employees’ of BOI are quite dissatisfied with the link of performance review result with reward and training (D3), PMS role in employee engagement (D9) and PMS promoting leadership & interpersonal skill (D12). Another thing may be observe from table 9.1 and 9.2 that in few of the statements of SBI, HDFC, Axis (D9 &D10 in SBI; D4 in HDFC and D9-D11 in Axis) and almost all the statements under BOI (D2-D14) a reasonable portion (more than 30%) of the respondents’ have given a neutral view, which indicates that either they failed to understand the statements or avoid it.

**VI. Key Findings**

1. All the sample banks are highly committed towards proper communication of organizational goals to employees and clarity on key result areas (KRAs) in job description.

2. It is further evident from the above descriptive analysis that both employees and senior management of the selected banks are devoted towards proper implementation of PMS.
3. Except Axis bank, the other three bank employees' are quite dissatisfied so far as employees involvement in individual goal setting in concern.
4. HDFC and Axis banks give more importance to employees input to strengthen PMS than SBI and BOI.
5. Though alignment of team and individual objectives with mission and strategy of the banks has got fairly positively response from SBI, BOI and HDFC, but Axis bank scored the highest in this (96%).
6. Training and development programs and performance appraisal in all the sample banks are quite satisfactory.
7. Except Axis bank, in all the other sample banks (SBI, BOI & HDFC bank) employees are quite dissatisfied with the link between bank's financial target achievement and annual bonus.
8. The promotion policy and mid-term review provision are significantly good in SBI, HDFC & Axis bank and dissatisfactory in BOI.
9. Recognition to merit for reward & promotion is better in the sample private banks (HDFC & Axis banks) than public sector (SBI & BOI).
10. In BOI, the PMS review process does not provide significant constructive criticism and timely information about issues that affect job performance of employees.
11. The current reward system of Axis and HDFC bank is better than SBI and BOI.
12. All the sample banks maintain a balance between profit, growth and control; they also take initiatives for change and prioritize customer satisfaction.
13. Further the bank also take initiatives for balancing short-term results against long-term capabilities as well as growth opportunities, give fair treatment to performance expectations of different stakeholders, harmonizes Human Resource requirements, establishes connectivity between business plan and financial plan and encourages employees' awareness towards bank's vision and individual objectives.
14. Innovation at employees' level is quite disappointing in BOI and it is moderately good in HDFC and Axis bank.
15. Employees' of BOI are quite dissatisfied with the link of performance review result with reward and training, PMS role in employee engagement and PMS promoting leadership & interpersonal skill

**Proposed Further Analysis:**

Further the research would use exploratory factor analysis to identify the factors pertaining to PMS components, balanced scorecard and PMS effectiveness. Thereafter, the scale development for the above said sections would be done through confirmatory factor analysis. Thereafter structural equation modeling would be used to analyze the structural relationship between PMS components, balanced scorecard and employee satisfaction & PMS effectiveness.

**VII. Conclusion**

The commercialization of banks gives rise to cut throat competition which further paves the way for reforms in human capital management. With increase in the importance of employees' contribution for the overall growth of the commercial banks, the thrust for managing individual performance has enhanced. Performance management system being a people and process centric approach is dragging the attention of many organizations. As it focus on achievement of organizational goals through individuals and team, can majorly be used as a weapon for employee motivation. Unlike the other sectors, public and private sector banks have their customize performance management system. However, merely having a PM system would not fulfill the purpose. The real beauty of the system lies on its proper implementation. Hence, as an initial step to bridge the gap between formulation and implementation of PMS, banks need to create awareness amongst the employees about its significance for organizational and individual success. The banks also need to stress on increasing employees involvement in formulating innovative strategy for PMS effectiveness which would further support organizational effectiveness. Further, policy makers need to come up with effective strategy in order to strengthen the outcome of PMS.

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