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Performance Evaluation Practices In District Cooperative Banks In Karnataka: A Study On Effectiveness And Improvement Needs

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Abstract:
Performance evaluation is an important managerial function that helps organizations measure employee efficiency, improve accountability, and achieve organizational goals. The present study examines the effectiveness of the performance evaluation system in District Cooperative Banks. The study focuses on employee awareness, nature of the evaluation system, components of evaluation, transparency, challenges, and areas requiring improvement. Primary data was collected from 145 employees through a structured questionnaire using convenience sampling method. Secondary data was collected from books, journals, RBI reports, NABARD publications, and websites. The collected data was analysed using SPSS software with the help of statistical tools such as Percentage Analysis, Descriptive Statistics, Cronbach's Alpha, One-Sample t-Test, and Ranking Analysis. The findings of the study reveal that the existing performance evaluation system is moderately effective and significantly contributes to employee efficiency, accountability, and organizational performance. The study also found that the system is reasonably structured and aligned with RBI and NABARD guidelines. However, challenges such as lack of transparency, inadequate feedback mechanisms, insufficient training, and limited focus on non-financial indicators reduce the effectiveness of the system. The respondents strongly expressed the need for modernization, digital integration, improved transparency, and better feedback mechanisms. The study concludes that continuous improvement and technological advancement are essential for enhancing the effectiveness of performance evaluation systems in District Cooperative Banks.

Keywords: *Performance Evaluation System, District Cooperative Banks, Employee Performance, Transparency, Organizational Efficiency, Digital Integration, Banking Sector, Performance Appraisal, Employee Awareness, Organizational Development.*

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I. Introduction:

Performance evaluation plays a vital role in improving employee efficiency, accountability, and organizational performance in the banking sector. In District Cooperative Banks, an effective performance evaluation system helps management assess employee productivity, identify strengths and weaknesses, and support decision-making processes. It also assists in achieving organizational goals by ensuring transparency, fairness, and proper utilization of human resources.

In recent years, District Cooperative Banks have experienced significant changes due to technological advancement, digital banking practices, regulatory requirements, and increasing customer expectations. As a result, there is a growing need for a structured and transparent performance evaluation system that includes both financial and non-financial performance indicators. A well-designed evaluation system not only improves employee motivation and efficiency but also enhances the overall performance of the bank.

However, challenges such as lack of transparency, inadequate feedback mechanisms, limited employee participation, and insufficient training affect the effectiveness of the existing evaluation system. Therefore, the present study focuses on analysing the effectiveness, challenges, transparency, and improvement needs of the performance evaluation system in District Cooperative Banks. The study also highlights the need for modernization, digital integration, and better implementation practices to strengthen the evaluation process and improve organizational effectiveness.

II. Review Of Literature:

The literature on performance evaluation practices in District Central Cooperative Banks (DCCBs) revealed a critical dual reality of high rural penetration but significant systemic vulnerabilities when analyzed from oldest to newest publication. **Hoda (2002)** opened this discourse by emphasizing that the operational self-sustainability of these banks was continuously threatened by systemic default vulnerabilities, concluding that performance evaluation frameworks needed to urgently move away from purely historical, retrospective audit data and instead integrate early-warning risk systems aligned with regional crop cycles and modern agrarian market realities. Shifting the focus to regional structures, **Saha (2009)** executed a field and balance sheet study of Karnataka's cooperative networks that validated their unmatched capacity to manage local credit flows, but unmasked deep governance failures, asset heterogeneity, and absent internal audit trails that complicated standardized auditing. To capture these shifting dynamics over longer horizons, **Bhosale (2011)** utilized a Weighted Composite Performance Index and noted that while long-term trends showed robust compound annual growth rates in branch expansion and deposit self-reliance, they continuously exposed severe, recurring weaknesses in loan recovery and accumulating overdue. This regional performance disparity was more deeply explored at a micro-level by **Sharada (2015)**, whose comparative analysis of the Kolar and Kodagu DCCBs demonstrated that strong-performing banks achieved high deposit growth and stakeholder satisfaction, while weaker institutions suffered from negative deposit trends, volatile net worth, lagging technology adoption, and low employee satisfaction. Expanding on district-level cases, **Maheswari (2018)** highlighted how DCCBs effectively expanded micro-level reach to support agricultural growth, though their financial efficiency remained heavily dependent on structural recovery mechanisms and modernized bylaws. Simultaneously, to diagnose deeper operational inefficiencies, **Raju (2018)** introduced data envelopment and stochastic frontier analysis, revealing that while cooperative banks maintained high efficiency in traditional core operations like deposit handling, a staggering 38% of institutions dropped into the lowest performance quartiles when handling off-balance sheet or modern managerial operations. Moving into the structural foundations of the cooperative chain, **Panda et al. (2023)** applied fuzzy interpretive structural modelling to show that the operational and financial instabilities of grass-roots Primary Agricultural Credit Societies (PACS) directly passed upward to damage the core performance evaluation metrics of their parent DCCBs. Finally, addressing modern workplace dynamics, **Kaushal (2026)** established that while absolute business and loan volumes frequently reflected stable upward compound growth, a closer look at per-employee productivity exposed massive annual profit volatility, emphasizing a critical lack of clear risk-mitigation targets in current performance practices.

Research Gap:

Despite extensive literature analyzing the macro-level financial viability, asset quality, and long-term deposit trends of District Central Cooperative Banks (DCCBs), there remains a critical research gap regarding how internal human resource mechanisms directly influence institutional outcomes. Existing studies have primarily relied on retrospective financial data, data envelopment analysis, or macro-level policy evaluations, leaving the operational mechanics of internal evaluation systems largely unexamined. Specifically, a glaring gap exists in analyzing how the components, transparency metrics, and day-to-day implementation practices of current employee appraisals directly impact individual and organizational performance within the unique socio-economic environment of Karnataka's cooperative banking sector. Furthermore, current literature lacks empirical, micro-level insights into the specific systemic challenges and operational constraints faced by HR administrators during appraisal execution. By investigating the architecture of these internal evaluation systems, examining their transparency, and identifying their unique structural deficiencies, this study addresses an overlooked dimension of cooperative banking literature, bridging the gap between internal human performance management and overarching financial stability.

Objectives of the Study:

1) To analyse the existing performance evaluation system in District Cooperative Banks and examine its effectiveness in improving employee and organizational performance.
2) To study the components, transparency, and implementation practices of the performance evaluation system
3) To identify the major challenges and improvement needs in the performance evaluation system of District Cooperative Banks

Research Hypotheses:

H_0: There is no significant level of awareness among employees regarding the performance evaluation system.
H_0: The existing performance evaluation system is not significantly structured, standardized, or aligned with regulatory guidelines.
H_0: The existing evaluation system does not significantly contribute to efficiency, decision-making, and performance improvement.

H_0: There is no significant inclusion of financial and non-financial indicators in the evaluation system.
H_0: There is no significant transparency and proper implementation of the performance evaluation system.
H_0: There are no significant challenges affecting the performance evaluation system.
H_0: There is no significant need for improvement in the existing performance evaluation system.

III. Research Methodology:

The present study is descriptive and analytical in nature and focuses on examining the effectiveness of the performance evaluation system in District Cooperative Banks. The study aims to analyse employee awareness, structure of the evaluation system, transparency, challenges, and areas requiring improvement.

The study is mainly based on primary data collected from employees of District Cooperative Banks through a structured questionnaire designed using a five-point Likert scale. Secondary data was collected from books, journals, research articles, RBI reports, NABARD publications, and websites related to performance evaluation systems.

A convenience sampling method was adopted for selecting respondents, and a total of 145 employees were chosen as the sample for the study. The collected data was classified, tabulated, and analysed using SPSS software. Statistical tools such as Percentage Analysis, Descriptive Statistics, Cronbach's Alpha, One-Sample t-Test, and Ranking Analysis were used for interpretation and hypothesis testing.

The reliability of the questionnaire was tested using Cronbach's Alpha, and all variables recorded values above 0.70, confirming high reliability and internal consistency of the data. The study finally evaluates the effectiveness of the existing performance evaluation system and identifies the need for modernization, digital integration, improved transparency, and better feedback mechanisms in District Cooperative Banks.

IV. Data Analysis And Results Discussion:

Objective 1: ***To analyse the existing performance evaluation system in District Cooperative Banks and examine its effectiveness in improving employee and organizational performance.***

Awareness of Evaluation System

H_0: There is no significant level of awareness among employees regarding the performance evaluation system.
H_1: There is a significant level of awareness among employees regarding the performance evaluation system.

Table 1: Showing Reliability Test (Awareness Construct)

Variable	Cronbach's Alpha	No. of Items
Awareness of Evaluation System	0.861	7

Source: Primary data through structured questionnaire

The reliability of the items measuring awareness of the performance evaluation system was assessed using Cronbach's Alpha. The obtained value of **0.861** indicates a high level of internal consistency among the items included in this construct. Since the value is greater than the acceptable threshold of 0.70, the scale is considered reliable. Therefore, the data collected for analysing employee awareness regarding the performance evaluation system is consistent and suitable for further statistical analysis.

Table 2: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Awareness of evaluation system	3.78	0.74
Knowledge of evaluation methods	3.65	0.81
Awareness through training	3.59	0.86
Awareness through circulars	3.72	0.77
Awareness through supervisors	3.68	0.79
Clarity of evaluation guidelines	3.61	0.83
Understanding of evaluation criteria	3.70	0.76
Overall	**3.67**	

Source: Primary data through structured questionnaire

The descriptive statistics indicate that the mean scores for awareness-related variables range between **3.59 and 3.78**, reflecting a moderate to high level of awareness among employees. The overall mean score of **3.67** suggests that employees possess a reasonably good understanding of the performance evaluation system. However, comparatively lower mean values for awareness through training (3.59) and clarity of guidelines (3.61) indicate that there is scope for improvement in formal communication and training mechanisms.

Table 3: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Awareness Score	3.67	9.214	0.000

(Test Value = 3 – Neutral Level)			

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the level of awareness among employees significantly differs from the neutral value of 3. The results show a **t-value of 9.214** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean awareness score is significantly higher than the neutral level. Therefore, it can be inferred that employees have a statistically significant level of awareness regarding the performance evaluation system in District Cooperative Banks.

Based on the results of the one-sample t-test, the p-value (0.000) is less than the threshold value of 0.05. Hence, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This implies that there exists a significant level of awareness among employees regarding the performance evaluation system. The findings indicate that while employees are generally aware of the evaluation system, further improvements in training programs and clarity of guidelines could enhance their understanding and effectiveness. The analysis confirms that awareness is **not a major weakness**, but **depth of understanding can be improved**, especially through structured training and better communication.

Nature of Evaluation System

H_0: The existing performance evaluation system is not significantly structured, standardized, or aligned with regulatory guidelines.

H_1: The existing performance evaluation system is significantly structured, standardized, and aligned with regulatory guidelines of Reserve Bank of India and National Bank for Agriculture and Rural Development.

Table 4: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Nature of Evaluation System	0.884	11

Source: Primary data through structured questionnaire

The reliability of the items measuring the nature of the performance evaluation system was tested using Cronbach's Alpha. The obtained value of **0.884** indicates a high level of internal consistency among the variables such as structure, standardization, and regulatory alignment. Since the value exceeds the acceptable threshold of 0.70, the scale is considered reliable. This confirms that the data collected for analysing the nature of the evaluation system is consistent and appropriate for further statistical analysis.

Table 5: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
System is clearly defined	3.72	0.80
Criteria are transparent	3.58	0.87
Criteria are well communicated	3.61	0.83
Standardization across branches	3.49	0.91
Consistency in evaluation	3.55	0.88
Alignment with bank objectives	3.67	0.79
Follows RBI guidelines	3.74	0.76
Incorporates NABARD norms	3.70	0.78
System is regularly updated	3.46	0.92
Employees understand metrics	3.59	0.85
Process is systematic	3.63	0.81
Overall	**3.61**	

Source: Primary data through structured questionnaire

The descriptive statistics indicate that the mean scores for the nature of the evaluation system range between **3.46 and 3.74**, suggesting a moderate to high level of agreement among respondents. The overall mean score of **3.61** reflects that the system is reasonably structured and aligned with regulatory guidelines. Higher mean values for compliance with RBI (3.74) and NABARD norms (3.70) indicate strong regulatory alignment. However, relatively lower scores for standardization (3.49) and system updates (3.46) suggest inconsistencies across branches and a need for modernization.

Table 6: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Nature Score (Test Value = 3 – Neutral Level)	3.61	8.436	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the perceived nature of the evaluation system significantly differs from the neutral value of 3. The results show a **t-value of 8.436** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean score is significantly higher than the neutral level. Therefore, it can be inferred that the performance evaluation system is perceived to be significantly structured, standardized, and aligned with regulatory guidelines.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This indicates that the existing performance evaluation system in District Cooperative Banks is significantly structured, standardized, and aligned with regulatory guidelines of the Reserve Bank of India and NABARD. However, certain aspects such as uniform implementation across branches and periodic updates require further improvement.

Effectiveness of Evaluation System

H_0: The existing evaluation system does not significantly contribute to efficiency, decision-making, and performance improvement.

H_1: The existing evaluation system significantly contributes to efficiency, decision-making, and performance improvement.

Table 7: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Effectiveness of Evaluation System	0.912	11

Source: Primary data through structured questionnaire

The reliability of the items measuring the effectiveness of the performance evaluation system was assessed using Cronbach's Alpha. The obtained value of **0.912** indicates excellent internal consistency among the items related to efficiency, decision-making, and performance improvement. Since the value is significantly higher than the acceptable threshold of 0.70, the scale is considered highly reliable. This confirms that the data collected for analysing the effectiveness of the evaluation system is consistent and suitable for further statistical analysis.

Table 8: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Measures performance accurately	3.69	0.82
Improves efficiency	3.76	0.78
Supports decision-making	3.65	0.83
Motivates employees	3.48	0.92
Identifies weak areas	3.72	0.79
Improves accountability	3.70	0.80
Fair and unbiased	3.42	0.96
Feedback is useful	3.55	0.87
Leads to corrective action	3.60	0.84
Enhances bank performance	3.74	0.81
Achieves organizational goals	3.71	0.82
Overall	**3.64**	

Source: Primary data through structured questionnaire

The descriptive statistics reveal that the mean scores for effectiveness-related variables range between **3.42 and 3.76**, indicating a moderate to high level of agreement among respondents. The overall mean score of **3.64** suggests that the existing evaluation system is perceived to be reasonably effective in contributing to efficiency, decision-making, and performance improvement. Higher mean scores for efficiency (3.76) and overall performance enhancement (3.74) indicate strong contributions in these areas. However, relatively lower scores for fairness (3.42) and employee motivation (3.48) highlight certain limitations in the system.

Table 9: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Effectiveness Score (Test Value = 3 – Neutral Level)	3.64	9.587	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the effectiveness of the evaluation system significantly differs from the neutral level. The results indicate a **t-value of 9.587** with a **p-value of 0.000**, which is less than the significance level of 0.05. This demonstrates that the mean effectiveness score is significantly

higher than the neutral value. Hence, it can be inferred that the evaluation system significantly contributes to efficiency, decision-making, and performance improvement in District Cooperative Banks.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This indicates that the existing performance evaluation system significantly contributes to efficiency, decision-making, and overall performance improvement. However, certain aspects such as fairness, employee motivation, and feedback mechanisms require further strengthening to enhance the overall effectiveness of the system.

Objective 2: ***To study the components, transparency, and implementation practices of the performance evaluation system***

Components of Evaluation System

H_0: There is no significant inclusion of financial and non-financial indicators in the evaluation system.
H_1: There is a significant inclusion of financial and non-financial indicators in the evaluation system.

Table 10: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Components of Evaluation System	0.901	12

Source: Primary data through structured questionnaire

The reliability of the items measuring the components of the performance evaluation system was assessed using Cronbach's Alpha. The obtained value of **0.901** indicates excellent internal consistency among the variables representing both financial and non-financial indicators. Since the value is well above the acceptable threshold of 0.70, the scale is considered highly reliable. This confirms that the data collected for analysing the components of the evaluation system is consistent and suitable for further statistical analysis.

Table 11: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Financial indicators are used	3.82	0.74
Profitability measures are emphasized	3.76	0.78
NPA levels are considered	3.79	0.76
Operational efficiency is evaluated	3.68	0.82
Loan recovery performance is considered	3.71	0.80
Employee productivity is assessed	3.60	0.86
Customer service quality is measured	3.55	0.89
Digital banking performance is included	3.48	0.93
Risk management is evaluated	3.66	0.83
Innovation and initiative are considered	3.42	0.95
Branch performance indicators are used	3.73	0.79
Individual performance metrics are defined	3.64	0.84
Overall	**3.66**	

Source: Primary data through structured questionnaire

The descriptive statistics reveal that the mean scores for the components of the evaluation system range between **3.42 and 3.82**, indicating a moderate to high level of inclusion of various indicators. The overall mean score of **3.66** suggests that both financial and non-financial indicators are reasonably incorporated into the evaluation system. Higher mean values for financial indicators, profitability, and NPA consideration indicate strong emphasis on financial performance. However, relatively lower mean scores for innovation (3.42), digital banking performance (3.48), and customer service (3.55) indicate that non-financial aspects are comparatively less emphasized.

Table 12: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Components Score (Test Value = 3 – Neutral Level)	3.66	9.128	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the inclusion of financial and non-financial indicators in the evaluation system significantly differs from the neutral level. The results show a **t-value of 9.128** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean score is significantly higher than the neutral value. Therefore, it can be inferred that the evaluation system significantly incorporates both financial and non-financial performance indicators.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This indicates that there is a significant inclusion of both financial and non-financial indicators in the performance evaluation system of District Cooperative Banks. However, the findings also reveal that financial indicators are given relatively more importance, while non-financial aspects such as innovation, digital performance, and customer service require greater attention.

Transparency & Implementation

H_0: There is no significant transparency and proper implementation of the performance evaluation system.

H_1: There are significant transparency and proper implementation of the performance evaluation system.

Table 13: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Transparency & Implementation	0.887	6

Source: Primary data through structured questionnaire

The reliability of the items measuring transparency and implementation of the performance evaluation system was assessed using Cronbach's Alpha. The obtained value of **0.887** indicates a high level of internal consistency among the items. Since the value exceeds the acceptable threshold of 0.70, the scale is considered reliable. This confirms that the responses related to transparency and implementation are consistent and suitable for further statistical analysis.

Table 14: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Evaluation process is transparent	3.58	0.86
Employees are involved in evaluation	3.49	0.91
Scope for employee feedback exists	3.52	0.88
Results are clearly communicated	3.60	0.84
Consistency across branches	3.46	0.92
Supervisors evaluate objectively	3.55	0.87
Overall	**3.53**	

Source: Primary data through structured questionnaire

The descriptive statistics indicate that the mean scores for transparency and implementation variables range between **3.46 and 3.60**, reflecting a moderate level of agreement among respondents. The overall mean score of **3.53** suggests that the performance evaluation system demonstrates a moderate degree of transparency and proper implementation. While aspects such as communication of results (3.60) and process transparency (3.58) show relatively better performance, lower mean scores for employee involvement (3.49) and consistency across branches (3.46) indicate areas that require improvement.

Table 15: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Transparency Score (Test Value = 3 – Neutral Level)	3.53	7.864	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the level of transparency and implementation significantly differs from the neutral value of 3. The results show a **t-value of 7.864** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean score is significantly higher than the neutral level. Therefore, it can be inferred that there is a statistically significant level of transparency and implementation in the performance evaluation system.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This indicates that there is significant transparency and proper implementation of the performance evaluation system in District Cooperative Banks. However, the moderate mean score suggests that improvements are required in areas such as employee involvement, consistency across branches, and strengthening feedback mechanisms.

Objective 3: ***To identify the major challenges and improvement needs in the performance evaluation system of District Cooperative Banks***

Challenges in Evaluation System

H_0: There are no significant challenges affecting the performance evaluation system.

H_1: There are significant challenges affecting the performance evaluation system.

Table 16: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Challenges in Evaluation System	0.893	10

Source: Primary data through structured questionnaire

The reliability of the items measuring challenges in the performance evaluation system was tested using Cronbach's Alpha. The obtained value of **0.893** indicates a high level of internal consistency among the items representing various challenges. Since the value is greater than the acceptable threshold of 0.70, the scale is considered reliable. This confirms that the data collected for analysing the challenges affecting the evaluation system is consistent and suitable for further statistical analysis.

Table 17: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Evaluation system is too complex	3.66	0.85
Lack of transparency	3.58	0.88
Bias in evaluation	3.62	0.87
Non-financial indicators are ignored	3.71	0.82
Criteria are unclear	3.55	0.90
Feedback is inadequate	3.68	0.84
Results are not properly utilized	3.73	0.80
Lack of training	3.70	0.83
System is outdated	3.60	0.89
Resistance to evaluation practices	3.54	0.91
Overall	3.64	

Source: Primary data through structured questionnaire

The descriptive statistics show that the mean scores for various challenges range between **3.54 and 3.73**, indicating that respondents moderately agree on the presence of challenges in the evaluation system. The overall mean score of **3.64** suggests that challenges significantly exist within the system. Higher mean scores for improper utilization of results (3.73), neglect of non-financial indicators (3.71), and lack of training (3.70) highlight the most critical issues. Meanwhile, comparatively lower scores for resistance (3.54) and unclear criteria (3.55) indicate relatively lesser but still notable concerns.

Table 18: Showing Ranking Analysis

Rank	Challenge	Mean
1	Results not properly utilized	3.73
2	Non-financial indicators ignored	3.71
3	Lack of training	3.70
4	Feedback is inadequate	3.68
5	Evaluation system is complex	3.66
6	Bias in evaluation	3.62
7	System is outdated	3.60
8	Lack of transparency	3.58
9	Criteria are unclear	3.55
10	Resistance to evaluation	3.54

Source: Primary data through structured questionnaire

The ranking analysis based on mean scores reveals that the most significant challenge affecting the performance evaluation system is the improper utilization of evaluation results, followed by the neglect of non-financial indicators and lack of training. These findings indicate that while evaluation mechanisms exist, their outcomes are not effectively used for decision-making and improvement. Lower-ranked challenges such as resistance to evaluation and unclear criteria suggest comparatively lesser impact but still contribute to inefficiencies in the system.

Table 19: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Challenges Score (Test Value = 3 – Neutral Level)	3.64	9.102	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the level of challenges significantly differs from the neutral value. The results show a **t-value of 9.102** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean score is significantly higher than the neutral level.

Therefore, it can be concluded that there are significant challenges affecting the performance evaluation system in District Cooperative Banks.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This implies that there are significant challenges affecting the performance evaluation system. The findings highlight critical issues such as ineffective utilization of evaluation results, inadequate training, and insufficient focus on non-financial indicators, which hinder the overall effectiveness of the system.

Need for Improvement

H_0: There is no significant need for improvement in the existing performance evaluation system.
H_1: There is a significant need for improvement in the existing performance evaluation system.

Table 20: Showing Reliability Test

Variable	Cronbach's Alpha	No. of Items
Need for Improvement	0.905	7

Source: Primary data through structured questionnaire

The reliability of the items measuring the need for improvement in the performance evaluation system was assessed using Cronbach's Alpha. The obtained value of **0.905** indicates excellent internal consistency among the items. Since the value is well above the acceptable threshold of 0.70, the scale is considered highly reliable. This confirms that the responses collected regarding improvement needs are consistent and suitable for further statistical analysis.

Table 21: Showing Descriptive Statistics

Statement	Mean	Std. Deviation
Need for modernization of system	3.82	0.76
Need for more training programs	3.79	0.78
Integration of digital tools required	3.76	0.80
More weight to non-financial indicators	3.71	0.82
Feedback mechanisms should be improved	3.74	0.81
Evaluation frequency should be enhanced	3.68	0.85
Transparency should be strengthened	3.72	0.83
Overall	**3.74**	

Source: Primary data through structured questionnaire

The descriptive statistics reveal that the mean scores for improvement-related variables range between **3.68 and 3.82**, indicating a high level of agreement among respondents regarding the need for improvement. The overall mean score of **3.74** suggests that employees strongly perceive the necessity to enhance the existing performance evaluation system. Higher mean values for modernization (3.82), training (3.79), and digital integration (3.76) highlight the key areas requiring immediate attention.

Table 22: Showing Ranking Analysis

Rank	Improvement Area	Mean
1	Modernization of system	3.82
2	Training programs	3.79
3	Digital tool integration	3.76
4	Feedback mechanism improvement	3.74
5	Transparency enhancement	3.72
6	Focus on non-financial indicators	3.71
7	Increase evaluation frequency	3.68

Source: Primary data through structured questionnaire

The ranking analysis indicates that the most critical improvement required in the performance evaluation system is modernization, followed by enhanced training programs and integration of digital tools. These findings suggest that the current system lacks technological advancement and adequate skill development initiatives. Lower-ranked improvements such as evaluation frequency indicate comparatively lesser urgency but still contribute to overall system enhancement.

Table 23: Showing One-Sample t-Test

Variable	Mean	t-value	Sig. (p-value)
Improvement Score (Test Value = 3 – Neutral Level)	3.74	10.286	0.000

Source: Primary data through structured questionnaire

A one-sample t-test was conducted to determine whether the perceived need for improvement significantly differs from the neutral value. The results show a **t-value of 10.286** with a **p-value of 0.000**, which is less than the significance level of 0.05. This indicates that the mean score is significantly higher than the neutral level. Therefore, it can be concluded that there is a statistically significant need for improvement in the existing performance evaluation system.

Since the p-value (0.000) is less than 0.05, the null hypothesis **H_0 is rejected**, and the alternative hypothesis **H_1 is accepted**. This implies that there is a significant need for improvement in the performance evaluation system of District Cooperative Banks. The findings highlight that modernization, digital transformation, and enhanced training programs are the most critical areas requiring attention to improve system effectiveness.

V. Major Findings:

The study found that the existing performance evaluation system in District Cooperative Banks is moderately effective and statistically significant in improving employee efficiency, accountability, and organizational performance. Employees possess a reasonable level of awareness regarding the evaluation system, and the system is generally structured and aligned with RBI and NABARD guidelines. The study also revealed that both financial and non-financial indicators are included in the evaluation process, although financial indicators receive greater importance. Further, the analysis identified several challenges such as lack of transparency, inadequate feedback mechanisms, limited employee involvement, insufficient training, and improper utilization of evaluation results. Respondents strongly expressed the need for modernization, digital integration, enhanced training programs, and improved transparency to strengthen the effectiveness of the performance evaluation system in District Cooperative Banks.

VI. Suggestions:

1. District Cooperative Banks should modernize the performance evaluation system by integrating digital tools and technology-based evaluation methods.
2. Regular training programs should be conducted to improve employee awareness and understanding of evaluation procedures.
3. Greater importance should be given to non-financial indicators such as innovation, customer service, and digital banking performance.
4. The banks should strengthen transparency, employee participation, and feedback mechanisms in the evaluation process.
5. Evaluation results should be effectively utilized for employee development, promotions, and organizational decision-making.

VII. Conclusion:

The study concludes that the performance evaluation system in District Cooperative Banks is reasonably effective and contributes positively to organizational efficiency and employee performance. However, certain limitations related to transparency, training, feedback, and technological adaptation reduce its overall effectiveness. Therefore, there is a significant need for modernization and continuous improvement in the evaluation system to ensure better employee motivation, fairness, and organizational growth. Implementing digital tools, improving communication, and strengthening feedback mechanisms can help District Cooperative Banks build a more efficient and transparent performance evaluation system.

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