

## **PERFORMANCE APPRAISAL AS A TOOL TO MEASURE EMPLOYEE PERFORMANCE WITH REFERENCE TO APGB BANK**

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### **ABSTRACT:**

Performance Appraisal has been considered as the most significant an indispensable tool for an organization, for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decision making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. A performance appraisal (PA), also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations. The study is an evaluation of effectiveness of performance appraisal as a tool to measure employee productivity in organizations. Banking sector is a fast growing sector of India. With swift expansion in the number of branches and the new functions assigned to them, banks are beginning to feel a new pressure on their organizational abilities i.e. the processes of recruitment, placement, training, promotion and appraisal, in order to ensure that the right number of staff with the right capacities are available at the right time and for the right places. Appraisal is one of the key factors of organizational ability which is also the focus of this study. In simple words we can say that performance appraisal is an analysis of employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training.

**Keywords:**Performance appraisal, performance evaluation, compensation, Training, Selection.etc.

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## Introduction

Some people have attributed weak motivation to inaccurate performance appraisal system existing in organizations. They have argued that organizations do very little in trying to measure the performance of their employees. That performance is judged by the subjective impressions of the reporting officers who appraise performance in terms of intangible executive qualities; for example, leadership obedience-but without tangible measure of performance to which these qualities can be linked. According to Blake (2005) such rating can easily vary by how well the rater likes or gets along with the employee.

The major concern of performance appraisal is basically with a review of the individual's performance during a set period to identify his area of strengths and weaknesses, and establish targets for him to achieve within the overall corporate objectives of the organization. The growing recognition that business results are largely attributable to employee performance is leading many executives to seek creative ways of significantly improving that performance (Jimgris, 2007). Job value or size is measured by comparing the incidence of various factors in a job such as the knowledge and skills required level of responsibility, level of decision making and impact on the end result, with the incidence of the same factor in other job.

According to Ani (1997) to achieve organization effectiveness the extent of enhancing and managing productivity is crucial, therefore, the essence of productivity and labour welfare is skill and motivation. It is the task of top management to coordinate the efforts of managers to improve productivity.

The main purpose of performance evaluation is to provide a rational basis for the determination and management of internal relativity between jobs and for the design of pay structure (McNamara, 2007).

"The optimal strategy is to set goals for the group as well as for each individual within the group. This is often what occurs in effective teambuilding and quality circle sessions. The groups decide on a common objective, and action steps (goals) are then set showing who will do what, when". When work is interdependent, setting goals for groups fosters a higher degree of cooperation and communication within the group. As a result, organizational productivity improves (McNamara, 2007). Improved productivity starts with Planning "The optimal strategy is to set goals for the group as well as for each individual within, when work is interdependent, setting goal for groups fosters a higher degree of cooperation and communication within the group. As a result, organizational performance improves. What should be considered when setting group goals to achieve higher productivity?

## Objectives of the Study

1. To study the theoretical Frame work of Performance Appraisal
2. To know the factors effecting of Performance appraisal system
3. To analyse the present issues in performance appraisal
4. To analysis of the performance appraisal methods of APGB Bank



## METHODOLOGY:

This is an conceptual study be the secondary data source. The secondary data is used to high light the conceptual analysis and review of literature. In addition to those books, articles, journals these submitted to universities were also referred. The internet has also been extensively made use for the purpose of study.

## LITERATURE REVIEW:

The objective of this literature review is to establish the basis for this research. Performance appraisal is one of the most widely used methods for measuring the value of employee performance. The success of performance appraisal depends on how effectively it is implemented. It also depend so how wealth employees have understood the performance appraisal system and how positively they are oriented towards their system.

\* Performance appraisal (PA) usually involves "evaluating performance"based upon the judgements and opinions of subordinates,peers, supervisors,other managers and even workers themselves ( Jackson & Schuler 2003).

\*Performance appraisal can be perceived described and implemented in different ways in organization. With PA's in groups,the group is known to push each member to perform at his (or) her highest level and thus members may be heavily motivated to participate in PA's ( Vaseet et al 2012 ).

The relationship between performance appraisal and satisfaction and work performance was both medicated and moderated by employees intrinsic work motivation .

## Performance Appraisal:

- GROTE (2002)describes performance appraisal as a formal management tool that helps to evaluate the performance quality of an employee
- According to the directorate of personnel management,Kenya (in kipchumba et al,2010) in order to have a balance of employee work load or overload ,the appraisal must be conducted regularly for the appraisal to be effective ,the top management must be supportive in providing information,clear performance standards must be set .The appraisals must be not be used for any other purpose apart from performance appraisal

## CONCEPTUAL CLARIFICATIONS/ THEORETICAL FRAMEWORK

Performance appraisal serves as a management information system for organizations; it provides a feedback to the employee about his/her performance and therefore can be said to have been generally accepted as a logical means to evaluate, analyze and effectively utilize the abilities and knowledge of employees at all organizational levels. By this, there is a responsibility on management to provide systematic procedures for reviewing and appraising the contributions of personnel to the organization's objectives.

According to Lambert (2009), performance appraisal is a completely integrated system involving periodic planned discussions between the manager and employee's total

### Performance Appraisal Methods

#### Traditional Methods (Past-Oriented)

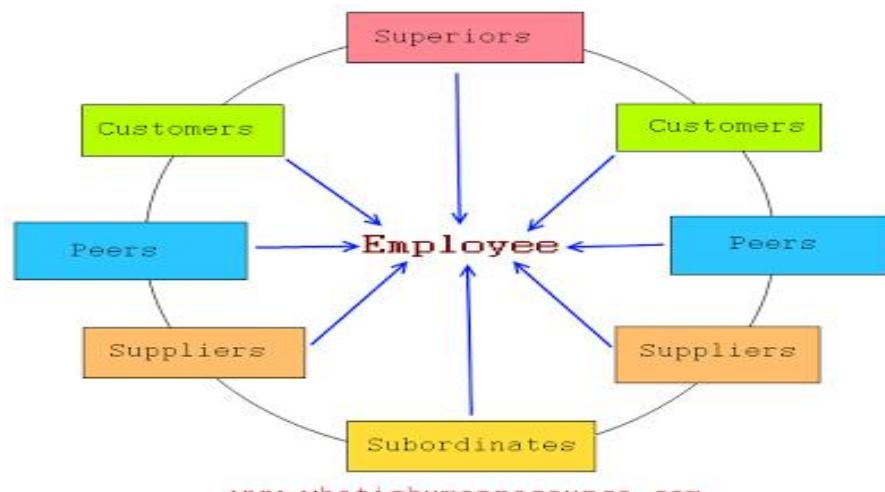
1. Graphic Rating Scale Method
2. Alternation Ranking Method
3. Paired Comparison Method
4. Forced Distribution Method
5. Critical Incident Method
6. Narrative Forms
7. Annual Confidential Report (ACR)

#### Modern Methods ( Future-Oriented)

1. Behaviorally Anchored Rating Scales (BARS)
2. Management by Objectives (MBO)
3. Computerized and Web-Based Performance Appraisal
4. Merged Methods
5. Assessment Centres
6. 360- Degree Feedback

performance against predetermined goals, having the manager to coach and counsel the staff in areas requiring correctives actions, to improve overall performance for the benefit of both employees and the total organization.

Stanton and Burshirk (2004), made a similar observation when they suggested that performance appraisal should serve as a basis for the employee's self-development and as a basis for sound company programme for the guidance and development of personnel. They indicated that promotions and pay increases could be based on objectives performance data rather than on favoritism, subjectivity, observations or opinions. By evaluating the employee's achievements, management helps them to discover their strength and weaknesses. This should motivate the employees to raise their levels of performance.



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## **PERFORMANCE APPRAISAL SYSTEM**

### **Who Should Appraise?**

Obisi (1996) asserted that a man's performance is periodically appraised by his superiors. An appraiser is usually someone who has a thorough knowledge and understanding of the job. He is someone who should be familiar with the established job and performance standards; someone who knows what attributes or personal traits to be appraised and one who is placed in a superior position where he can observe the appraise for a fair and reasonable period of time.

In line with the above, the supervisors are usually the ones who are placed in the most advantageous positions to do him appraisals (Blunct and Popoola, 2005). These are the peers, the subordinates, the employees themselves (self-appraisal) and the users of the product or services rendered.

### **Appraisal by Superiors (Supervisors or line Managers)**

It is conventional in practice worldwide that the superior who is usually the immediate boss of the employee is given the responsibility to evaluate the performance of his subordinates. This is due to the fact that as the supervisor of the employee, he has the best opportunity to observe, guide counsel and report on the employee's performance for the appraisal period under review.

### **Peer Appraisal**

In this case, the employees themselves assume the role of the appraisers with each employee appraising his other colleague. The peer appraisal method is based on the notion that the employees, particularly those who work in a closely-knit group, have first hand information about each other's level of performance and are most able to assess each other on many personality traits.

### **Subordinate Appraisal**

The subordinate appraisal method requires that his subordinates evaluate the superior's performances. This method has very little acceptance in the industry in view of the "chain of command" structure in the industry. The advantage of this method is that the superior is able to see himself through another person's "eye" and this evaluation could help him/her make necessary adjustments where needed.

### **Self Appraisal**

The need for self-development, coaching and counseling has necessitated the need to have an individual employee to appraise his/her performance and abilities. The usual approach is for the superior and subordinate to mutually agree on a set of objectives to be achieved (using the management by objectives technique).

In this case, the subordinate is given an opportunity to appraise his own performance in terms of the set targets. In the process of doing this the employee may realize that he has not done enough thus the motivation to excel before the next self-appraisal period is put into gear.

### **Users of Services**

Sometimes the users of the services rendered give the best appraisal of employee's performance. For instance, the performances, politeness and efficiency of an airline hostess

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are best judged by the air passengers.

## Types and Approaches to Performance Appraisal

Obisi (1996) lists out two types namely: Confidential (closed) type and the open system. For the closed system, all stages, processes and the final outcome are held discreet and are not disclosed to the subordinate or employee involved. He is not fed back with the outcome and he is not aware of his strengths or weaknesses and no steps taken in improving his performance.

The open approach is the appraisal type in which the entire stages and processes of the appraisal practice as well as the outcome is disclosed and discussed with the employee or subordinate involved. No aspect of the appraisal practice process is discreet and that way, the strengths and weaknesses of the subordinate are discussed with him/her and solutions are sought to improve on such areas.

Another approach is the traditional/conventional approach which has been likened to the boss casting himself in the role of a “do-it- yourself” psychologist.

McGregor (1957) describes this approach as one that places the manager in the untenable position of judging the personal worth of his subordinates and of acting upon those judgments. Managers who adopt this approach spend endless time supporting their judgments than considering what the subordinates must do in order to improve his considering what the subordinates must do in order to improve his performance. The appraisal exercise is often treated as an annual ritualistic chore to be got through and disposed of as quickly as possible. Usually the completion of the assessment form is seen as the end of the process when in fact it is only the beginning (berry and Kehoe, 2005).

The document is usually filed away merely to be brought out twelve months later at the next appraisal as a reference for the manager to ensure that the boxes he ticked correspond to what he filled in the lat time. It is a very subjective approach to assessment. In often lacks the objective measurement of an individuals performance and provides limited basis for assessment.

McGregor (1957) advice that unless the conventional approach is handled with consummates skills and delicacy, it constitutes something close to be violation of the integrity of the individual personality.

## Functions of Performance Appraisal

According to McGregor (1957) and Banjoko (1982), performance appraisal function can be classified as evaluative and developmental, depending on the intension of the organization. Such intension, according to Ress (1994) is to check out the employees’ level of performance, to identify training review their pay and to access their suitability for training.

## The Performance Appraisal Interview

Fajana (1997) gives us three stages: Before the interview (or the pre-appraisal interview planning); at the interview (i.e. the appraisal interview); and closing the interview (closing the appraisal interview). But before the three stages above, the stage must be set.

## Pre-Appraisal Interview Planning

The manager needs to sit quietly, plan what he hopes to achieve from the anticipated

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interaction – the tinning, giving prior information to the subordinate so that he can prepare for it. Major issues, problems, incidents for discussion covering the period of the appraisal must be identified.

## The Appraisal Interview

It is expected that during the appraisal interview nothing should interfere: telephones, visitor etc.

- It should be a one-to-one affair.
- It should begin informal subject, example family or some sport.
- Always help to build trust and confidence
- Offer tea or coffee if affordable
- Over-dramatization or the exercise or the creation of a tense atmosphere should be avoided.

Areas of focus should be:

1. Quality of work
2. Attitude
3. Skill application
4. Knowledge of job
5. Interpersonal skills: relationships with superiors, colleagues, subordinates.
6. Meeting of deadlines and targets.
7. Strengths and weaknesses
8. The subordinate should be allowed to do most of the talking by using more open-ended questions.

## Performance Management Strategies

Simply put, performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, a department, processes to build a product or service, employees, etc. Information in this topic will give you some sense of the overall activities involved in employee performance management. The reader would benefit from reviewing closely related topics referenced from the section, including basics concepts in performance management, organization performance management and group performance management.

## Planning/Determination

“Planning” means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. It also includes the measures that will be used to determine whether expectations and goals are being met (Lambert, 2009). Involving employees in the planning process helps them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

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## Productivity

Stanton, Bushirk (2004) emerged that most" managers have discovered that productive work cannot be achieved through command, order to executive fiat. Improved employees productivity depends on individual motivation. Though, people are the single most important problem in the management of people at work the chances are; they will mention motivation, leadership and communication. Motivation activates human energy. It is a force which leads people to satisfy their important needs (Banjoko, 2006). All human behaviour is directed towards a goal. The critical factor is the direction of that motivation-is to work hard, to do high quality work, or to sleep as much as possible on the job without being caught by the supervisor. The topic motivation has been of keen interest to managers and social scientist especially with the past three decades.

## Strategies for Boosting Employee Morale to Achieve Abjectives

Organizations today, regardless of how they are established must have their own goal and objectives so as to work in the right part. To achieve the goals and objectives employees must be well-motivated in order to put in their maximum effort in the organization. There must be a sound encouragement that will urge employees to act as it sis expected by the management. The management must provide motivational packages for its workers in order to reinforce their output capacity.

## Motivating Workers for Higher Productivity

The main message of this chapter is that the factors involved in motivating marketing staff for higher productivity are numerous. They include salaries and wages, incentive systems, work ethics and social value, morale, social and psychological conditions of work, quality and style of supervision of management, knowledge and skills of workers and the reward systems of management. For any new behaviour to persist, it has to be consistently rewarded (berry and Hehoe, 2005). The consistency and effectiveness of reward are function of reinforcement. Positive reinforcement means that rewards are used to encourage people to perform in a desired manner.

## Building

## ISSUES IN APPRAISAL SYSTEM



## Employee Commitment

Who cares? That indication of lack of employee commitment could be an indication of a company on the way to becoming another business failure.

The workplace is changing dramatically and demands for the highest quality of product and service is increasing. To remain competitive in the face of these pressures, employee commitment is crucial. This reality is applicable to all organizations but is of particular importance to small and medium sized businesses (Gordon, 2006).

**increased Visibility:** Everyone appreciates getting credit when it is due. Occasions to share the successes of employees with others are almost limitless. Giving employees new opportunities to perform learn and grow as a form of recognition and thanks is highly motivating for most people.

## Present issues in appraisal Design system :

The performance appraisal should be done in a proper way in case of poor performance appraisal as follows



The performance appraisal has been done in a proper way then it will be as follows

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## APGB

Andhra Pragathi Grameena Bank came into existence from 01.06.2006 by amalgamating Rayalaseema Grameena Bank, Sri Anantha Grameena Bank and Pinakini Grameena Bank consequent upon the Government of India Notification dt.01.06.2006. The Bank is constituted under Regional Rural Banks Act 1976. The Bank is having its Head Office at KADAPA with a jurisdiction of 5 districts namely Anantapur, Y. S. R (Kadapa), Rajampeta, Kurnool, Nellore and Prakasam. The Bank is having 8 Regional offices with its Head quarters at 5 district Head Quarters, Kadiri of Anantapur district and in Nandyal of Kurnool district. The Bank is providing banking services with its 540 branches as on 30.09.2017. The Bank is catering to the needs of Rural Poor mainly and to all other sectors also. The Bank has been playing a pivotal role in economic development of its operational area by outreaching the people in the countryside. The Bank earned Net profit of Rs.173.88 Crore as on 31.03.2017 and stood first among all RRBs sponsored by Syndicate Bank and all RRBs in the Andhra Pradesh State in respect of networth Rs. 1738 Crore as on 31.03.2017.

The entire area of operation of the Bank, which is mostly in Rayalaseema region, is characterized by drought and backwardness. About 75% of the population in the area lives in countryside. The soils are mostly black and red, about 75% of the area is rain fed and farmers depend on rain fed crops and Irrigation sources viz., canals, tanks, bore wells etc., the major crops grown are paddy, cotton (hybrid), chilies, vegetables, horticulture crops like banana, papaya, sweet orange, mango etc., and under rain fed conditions the major crops grown are ground nut, jowar, Bengal gram, sun-flower, coriander, tobacco, etc. The area is rich in minerals viz., barites, limestone, granite, black and colour slabs, slates etc

The important rivers flowing through the Bank's area of operation are Krishna, Tungabhadra, Hundri, Pennar, Kundu, Papagni, Chitravathi, Sagileru, Pincha, Cheyyeru, Swarnamukhi, Paleru, Pillaperu and Gundlakamma . The Bank has received Best Technology excellance award from IDRBT and NPCI excellance award for AEPS during 2017. The Bank

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has also received SKOTCH award for financial inclusio in 2017.

The paid up capital of the Bank is Rs.300 lakh, contributed by the Govt. Of India, Sponsor Bank (Syndicate Bank) and the Government of Andhra Pradesh in the ratio of 50:35:15 respectively. As a part of restructuring process of RRBs, an additional share capital (in the form of share capital deposit) of Rs.3934.26 lakh was infused by the shareholders in the ratio mentioned above

## Validating and refining organizational APGB BANK

Employee selection, training and just about any cultural or management practice—such as the introduction of a new pruning method or an incentive pay program—may be evaluated in part by obtaining worker performance data.

The evaluation or appraisal may provide ideas for refining established practices or instituting new ones. For instance, appraisal data may show that a firm supervisor has had a number of interpersonal conflicts with other managers and employees. Some options include:

- .Paying more attention to interpersonal skills when selecting new supervisors,
- Encouraging present supervisors to attend communication or conflict management classes at the local community college, or
- Providing the supervisor one-on-one counselling, or
- Plan for long-term staffing and worker development, or
- Give pay raises or other rewards, or
- Set up an employee counselling session, or
- Institute discipline or discharge procedures.

For validation purposes, it is easier to evaluate performance data when large numbers of workers are involved such as in APGB bank. Useful performance data may still be collected when employees are evaluated singly, but it may take years to obtain significant data trends.

The modern methods that are used in APGB Bank are two methods they are

- Graphic rating scale
- Management by objectives

## Conclusion

The appraisal system has been largely characterized by non-disclosure of appraisal result to the rates. This secrecy over performance appraisal results tends to put in the hands of supervisors and managers a potential tool for cracking down on “non-conforming subordinates with impunity.

Often, managers allow biasing factors like ratee’s sex, tribe appearance and personal

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likeness or hatred to influence their ratings. Unless the ratings are based on actual job performance, the evaluation will continue to be devoid of the objectivity that is often required in a fair performance appraisal system.

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## Books

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2. The Performance Appraisal Question and Answer Book-DICK GROTE-2002
3. Manager's Guide to Performance Reviews"- Mr. Robert Bacal-2004