

A Comparative Study of Performance Appraisal System of Public and Private Sector Banks in India

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Abstract

Performance appraisal system is an important tool of evaluating physical and mental health of each employee. It informs to the management that the employee is engaged in their assigned task or facing any problem during their office hours. There are many tools and techniques of assessing the performance of the employees at workplace but, selection of proper method is also a big problem of them. The proper evaluation system may inform the management about the factors affecting performance of the employees. In this paper, analyses and compares the performance appraisal system of the employees working in the private and public sector banks in India.

Key words: Performance Appraisal System, Stress, Job Satisfaction, Career Advancement

Introduction

Performance appraisal is an effective tool for performance evaluation of employees. The evaluation includes the efficiency and effectiveness of the employees at their workplace. Each management requires assessing their employees and desiring their performance at higher level so that they may get pre-determined objectives for the sustainability and growth. Tailor, (2017) observed that performance of each employee can be measured with their efficiency and effectiveness at their workplace. Sometimes the performance appraisal system may cause as stress among employees which in turn affects their work-life balance. The employee, at the time of performance appraisal, may feel more stress due to some pre-determined targets and feel under pressure. The performance appraisal system differs in public sector banks as well as private sector banks. Tailor, (2011) stated that the performance appraisal system also manage and relate each employee with the appraiser. It is a type of bonding which increase the personal attachment and favour among at the workplace. The performance evaluation system sometime may be modified as per the industry and nature of job. The outcome of performance appraisal system will provide the base for fixing the reward for employees, taking corrective actions where there is inefficiency and so on. The present paper is intended to analyze and compare the performance appraisal system prevailing private and public sector banks in Indian scenario.

Review of Literature

Literature review is the fundamental stage to be carried out while

undertaking any research because it helps to analyze the current status of body of knowledge in the area of research in which researcher intended to be carried the work and area which is not yet touched by other researcher. By keeping this view in mind study undertaken extensive literature survey and the summary of the survey is presented as follows:

Singh and Vadivelu (2016) revealed that the stress is a main outcome of performance appraisal system. Chetana, et al., (2015) observed that the performance appraisal system is not only related with the performance but it is a tool of career development. Kaur and Gurpreet (2015) analyzed that the traditional methods are not sufficient for evaluating performance of each employee. Murthy and Rama (2015) focused that performance appraisal is the identification of key problems faced by employees due to organizational procedure. Saxena, et al., (2015) analysed that the PAS affects the organisational commitment and job satisfaction at workplace. Srivastava and Yadav (2016) found that the PAS is working properly in measuring performance of employees. Vivekanandan and Mohan (2015) revealed that the PAS system in private sector banks is not up to the mark. The private sector employees are more focused on career development for their growth. Kilam, et al., (2014) observed that the type of PAS could be experimented at higher levels in a few banks before the similar can be introduced in all public sector banks. Mehta and Arvind (2014) opined that the PAS increases the motivation of employees. But, the employees are affected with the organisational environment during their office time.

Research Gap

On the basis of the reviewed literature, it has been concluded that few studies were made on the Performance Appraisal System in the Banking sector in India, where the role of performance appraisal exists at immense level. But, the poor studies were made on stress, job satisfaction and career advancement. So, present study is intended to fill this gap by analyzing and comparing the performance appraisal system in both private and public sector banks in Indian context.

Objectives of the study

Following are the main objectives of the study:

To compare performance appraisal system in public and private sector banks.

To identify the factors affecting performance appraisal system in public and private sector banks.

To analyse the relationship between components of performance appraisal system.

To suggest various means to improve performance appraisal systems in the selected banks.

Hypothesis of the study

Following are the main hypothesis of the study:

H01: There is no significant difference between performance appraisal systems in the public and private sector banks.

H02: There is no significant relationship between components of performance appraisal in the public and private sector banks.

Research Methodology

The present paper is based on empirical in nature and conducted based on both primary and secondary sources of data gathered from various sources. Primary data was collected from the employees of both public and private sector banks employees. Secondary data was gathered from various sources such as journals, books, website etc.,

Variables of the Study

On the basis of research gap, performance appraisal system has been selected as dependent variable and stress, job satisfaction and career advancement as independent variables.

Target Universe: Employees of the Public and Private Sector Banks

Sampling Method: Convenience sampling method

Sample Size: 300 employees of both the banks

Area of Survey: Jaipur, Sriganganagar, Hanumangarh and Bikaner districts of Rajasthan

Variables: Performance appraisal system as dependent variable and stress, job satisfaction and career advancement as independent variables

Reliability Analysis:

To test the internal consistency of the research instrument study conducted reliability analysis. The results of reliability analysis are revealed in the below table:

Table: 01 Results of Reliability Test

Cronbach's Alpha	No. of Items
.878	30

Source: Survey Data

It is clear from the table- 1, that Cronbach's Alpha is 0.878, which shows a high level of internal consistency for the selected scale with this specific sample of the research. Thus, it can be concluded that the data collected with the

help of research instrument from the respondents of the selected banks is reliable for further analysis.

Rank Analysis of Selected Variables of State Bank of India (SBI)

Table: 2 – Results Rank Analysis of SBI(Public Sector Bank)

Variables	S.No	Variables	5	4	3	2	1	Total	Weighted Mean	Rank
Stress	1	Existence of PAS	95	48	4	1	2	150	681.13	1
	2	Organisational growth	83	57	5	3	2	150	664.13	
	3	Employee's development	105	38	5	1	1	150	694.06	
	4	Different from others	80	41	9	13	7	150	617.47	
	5	Common Factors	127	15	5	1	2	150	712.13	
	6	Based on the techniques	97	24	15	3	7	146	632.47	
	7	Differential by country leaders	99	32	7	10	2	150	664.13	
	8	Different parameters	102	12	19	7	10	150	629.67	
	9	Mandatory for promotions	129	12	2	5	2	150	709.1	
	10	Cause of stress	95	12	30	4	9	150	621.6	
			101.2	29.5	10.1	4.8	4.4	150	662.59	
Job Satisfaction	11	Effective Tool	89	45	7	5	4	150	656.27	
	12	For assessment by higher authority	99	12	17	13	9	150	620.6	
	13	Employees are more concerned	109	32	6	1	2	150	695.13	
	14	Standards designed by Employer	119	23	5	1	2	150	704.13	
	15	Best response of working variables	69	20	26	13	22	150	530.47	
	16	Promotes employees	115	16	10	4	5	150	677.33	
	17	Grassroots friendly and positive manner	19	67	25	20	19	150	479.27	
	18	Identifying the barriers	116	13	9	5	7	150	669.47	
	19	Creating diversity	72	42	12	9	15	150	583	
	20	Identifying best employees	77	12	30	12	19	150	548.27	

			88.4	28.2	14.7	8.3	10.4	150	616.39	II
Career Advancement	2 1	Change behavior	72	33	15	10	20	150	558.33	
	2 2	Develop conflicts	24	31	39	27	29	150	416.93	
	2 3	Motivation	97	30	6	9	8	150	641.53	
	24	Monetary benefits	60	44	25	19	2	150	589.13	
	25	Healthy competition	69	27	20	15	19	150	544.27	
	26	Online PAS	56	42	12	13	27	150	511.8	
	27	Proper training programmes	129	13	5	1	2	150	714.13	
	28	External reviewer	45	59	15	23	8	150	552.53	
	29	360 degree performance	95	23	14	16	2	150	641.13	
	30	Monthly basis	65	44	15	19	5	148	584.33	
			71.2	34.6	16.6	15.4	12.2	150	575.41	III

Source: Primary Data

In the SBI bank, it can be revealed from the data collected from respondents in table - 2 that they feel more stress at the workplace due to new techniques and advancement in the

work culture. The employees are least found least interested in career advancement due to the permanency of their jobs.

Rank Analysis of Selected Variables of HDFC Bank

Table: 3- Results of Rank Analysis of Selected Variables of HDFC Bank (Private Sector Bank)

Variables	S. No	Variables	5	4	3	2	1	Total	Weighted Mean	Rank
Stress	1	Existence of PAS	95	48	4	1	2	150	681.13	
	2	Organisational growth	83	57	5	3	2	150	664.13	
	3	Employee's development	105	38	5	1	1	150	694.06	

	4	Different from others	80	41	9	13	7	150	617.47	II
	5	Common Factors	127	15	5	1	2	150	712.13	
	6	Based on the techniques	97	24	15	3	7	150	632.47	
	7	Differentiated by monetary benefits	99	32	7	10	2	150	664.13	
	8	Different parameters	102	12	19	7	10	150	629.67	
	9	Mandatory for promotions	129	12	2	5	2	150	709.1	
	10	Cause of stress	95	12	30	4	9	150	621.6	
			101.2	29.5	10.1	4.8	4.4	150	662.59	
Job Satisfaction	11	Effective Tool	89	45	7	5	4	150	656.27	III
	12	Fair assessment by higher authority	99	12	17	13	9	150	620.6	
	13	Employees are more concerned	109	32	6	1	2	150	695.13	
	14	Standards designed by Employer	119	23	5	1	2	150	704.13	
	15	positive impact of secondary variables	69	20	26	13	22	150	530.47	
	16	Promotes employees	115	16	10	4	5	150	677.33	

	17	Criticism in friendly and positive manner	19	67	25	20	19	150	479.27	
	18	Identifying the barriers	116	13	9	5	7	150	669.47	
	19	Creating diversity	72	42	12	9	15	150	583	
	20	Identifying best employees	77	12	30	12	19	150	548.27	
			88.4	28.2	14.7	8.3	10.4	150	595.26	
Career Advancement	21	Change behavior	72	33	15	10	20	150	558.33	I
	22	Develop conflicts	24	31	39	27	29	150	416.93	
	23	Motivation	97	30	6	9	8	150	641.53	
	24	Monetary benefits	60	44	25	19	2	150	589.13	
	25	Healthy competition	69	27	20	15	19	150	544.27	
	26	Online PAS	56	42	12	13	27	150	511.8	
	27	Proper training programmes	129	13	5	1	2	150	714.13	
	28	External reviewer	45	59	15	23	8	150	552.53	
	29	360 degree performance	95	23	14	16	2	150	641.13	
	30	Monthly basis	65	44	15	19	5	150	584.33	
			71.2	34.6	16.6	15.4	12.2	150	714.66	

Source: Primary Data

The result from table – 3 shows that in private sector bank (HDFC) the employees are more concerned about their career development. And they believe that the PAS is a major aspect of stress at the workplace. While, the private sector employees are satisfied at the workplace. They believe that the stress is a good factor for career development. Results show that the employees are more aware about the stress and their work conditions at their workplace.

Hypothesis Testing

Following is the main hypothesis of the study:

H01: There is no significant difference between performance appraisal systems in the public and private sector banks.

H11: There is a significant difference between performance appraisal systems in the public and private sector banks.

Inferences:

Table:4
Chi-square (Goodness of Fit) Testing and Interpretations

Variables	Chi-square	d.f.	Asymp. Sig.	Decision
Existence of PAS	295.233	4	0.00	Rejected
Organisational growth	132.077	3	0.00	Rejected
Employees development	98.980	3	0.00	Rejected
Meaningful goals	90.097	3	0.00	Rejected
Based on techniques	140.639	3	0.00	Rejected
PAS is differ in all banks	142.217	3	0.00	Rejected
Monetary benefits	256.301	4	0.00	Rejected
Different parameters	292.030	5	0.00	Rejected
Common factors	210.415	4	0.00	Rejected
Effective in all banks	169.645	4	0.00	Rejected
Mandatory	190.726	3	0.00	Rejected
Higher authority	166.512	3	0.00	Rejected
Employees concerned	187.137	4	0.00	Rejected
Set standards	222.923	4	0.00	Rejected
Positive impact	177.104	4	0.00	Rejected
Constructive criticisms	250.013	4	0.00	Rejected
Barriers of promotions	226.736	4	0.00	Rejected
Creating diversity	185.331	4	0.00	Rejected
Best employees	188.542	4	0.00	Rejected
Cause of stress	181.552	4	0.00	Rejected
Change behavior	301.585	4	0.00	Rejected
Develop conflicts	206.936	4	0.00	Rejected
Job satisfaction	171.836	3	0.00	Rejected
Financial benefits	243.525	4	0.00	Rejected

Healthy competition	193.492	4	0.00	Rejected
Online	161.585	4	0.00	Rejected
Training programme	266.401	4	0.00	Rejected
External reviewers	148.876	4	0.00	Rejected
Degree performance	211.753	4	0.00	Rejected
Monthly basis	158.241	4	0.00	Rejected

Source: Primary Data

It is clear from the table-4 that the null hypothesis is rejected as the assumed significance value (P value) of the all the factors of the study is less than 0.05(@ 5% level of significance) i.e., 0.0000 which indicate that there is a significant difference between performance appraisal systems in the public and private sector banks.

An independent't' test has applied to compare the opinion of

selected employee's of public and private sector banks about the performance appraisal system parameters of SBI and HDFC bank. Hypothesis testing using Independent t test has been carried out to compare the employee's responsiveness on the basis of given dimensions of performance appraisal system (PAS) among employees of public sector bank (SBI) and private sector bank (HDFC).

Table: 5
Group Statistics

Variable	Bank	N	Mean	Std. Deviation	Std. Error Mean
Stress	SBI	150	7.95	1.82	0.15
	HDFC	150	8.25	1.41	0.12
Satisfaction	SBI	150	8.01	1.75	0.14
	HDFC	150	8.55	1.58	0.13
Career Advancement	SBI	150	8.67	2.16	0.19
	HDFC	150	8.51	1.61	0.13

Source: Primary Data

The table- 5 shows the group statistics which describes the mean difference, standard deviation difference and the standard error of the difference. On the basis of the above table, it can be conclude that there is a difference in the mean and standard deviation between public and private sector banks.

Similarly, an independent t-test was used to compare the

performance appraisal system (PAS) of public sector bank and private sector bank with respect to selected parameters.

Table: 6- Results Independent Samples Test

Variables for Independent Samples Test		Levene's Test for Equality of Variances	t-statistics		
		F	t	df	Sig. (2-tailed)
Stress	Equal variances assumed	1.159	-1.565	298	.119
	Equal variances not assumed		-1.565	281.06	.119
Satisfaction	Equal variances assumed	.006	-2.820	298	.005
	Equal variances not assumed		-2.820	295.20	.005
Career Advancement	Equal variances assumed	4.088	.721	298	.471
	Equal variances not assumed		.721	275.47	.471

Source: Primary Data

Table- 6 shows the parameter of stress has a sig. value 0.119 and career advancement has a sig. value 0.471 which is more than P value 0.05 which shows that null hypothesis is accepted, it means there is a significant difference between the performance appraisal system in public sector and private sector banks. While, the parameter satisfaction has a sig. value 0.005 which is less than 0.05 indicates that null hypothesis is rejected, it means there is no significant difference between the performance appraisal system in public sector and private sector banks.

Hypothesis – II

H0b: There is no significant relationship between

components of performance appraisal in the public and private sector banks.

H1b: There is a significant relationship between components of performance appraisal in the public and private sector banks.

Correlation Analysis

The correlation analysis shows the relationship between the two or more factors. The analysis is classified into public sector bank and private sector bank as follows:

Correlation Analysis of SBI

Table: 7- Results of Correlation Analysis of SBI

SBI Correlation^a			
		Employees Responses	Decision
Stress	Pearson Correlation	.386	Reject
	Sig. (2- tailed)	.000	
	N	150	
Satisfaction	Pearson Correlation	.492	Reject
	Sig. (2- tailed)	.000	
	N	150	
Career Advancement	Pearson Correlation	.469	Reject
	Sig. (2- tailed)	.000	
	N	150	

Source: Primary Data

The table- 7 shows that in public sector bank (SBI), the sig. value (0.000) of all the selected factor viz. stress, satisfaction and career advancement is less than as compared to the p value 0.05 which shows that the null hypothesis is rejected it means there is a significant relationship between components of performance appraisal. In other words it can also be said that factor career

advancement is found a highest correlation .499 with employees responses while, correlation with satisfaction is marked at .469 and stress is marked least correlation at .386.

Correlation Analysis of HDFC Bank

Table: 8- Results of Correlation Analysis of HDFC Bank

HDFC Correlation^a			
		Employees Responses	Decision
Stress	Pearson Correlation	.027	Accept
	Sig. (2- tailed)	.789	
	N	150	
Satisfaction	Pearson Correlation	.548	Reject
	Sig. (2- tailed)	.000	
	N	150	
Career Advancement	Pearson Correlation	.508	Reject
	Sig. (2- tailed)	.000	
	N	150	

Source: Primary Data

The table- 8 shows that in private sector bank (HDFC), the calculated p value (0.000) of the selected variables viz. satisfaction and career advancement is less than as the assumed significance value(p value) of all these variables 0.05(@ 5% level of significance) which indicated that the null hypothesis is rejected it means there is a significant relationship between components of performance appraisal. On the other hand, the calculated p value of

variables stress .789 is more than the assumed significance value (p value) 0.05(@ 5% level of significance) which indicated that the null hypothesis is accepted hence there is no significant association.

Comparative Correlation among Public and Private Sector Banks

Table:9- Results Comparative Correlation Analysis between SBI and HDFC Bank's

Respondents

		SBI	HDFC Bank
Stress	Pearson Correlation	.386	0.027
	Sig. (2- tailed)	.000	0.789
	N	150	150
Satisfaction	Pearson Correlation	.492	0.548
	Sig. (2- tailed)	.000	.000
	N	150	150
Career Advancement	Pearson Correlation	.469	0.508
	Sig. (2- tailed)	.000	.000
	N	150	150

Source: Primary Data

It is clear from the table- 9 that correlation value of stress in public sector bank (SBI) is 0.386 and calculated p value is 0.000 while in HDFC bank the correlation value is 0.027 and p value is 0.789 shows that private sector employees are suffered more stress as compared to the public sector. The correlation value of variable satisfaction in SBI is 0.492 and p value is 0.000 and in HDFC the value is .548 and p value is 0.000 which shows that the public sector bank employees are more satisfied as compared to private sector banks. The correlation value of variable career advancement in SBI is 0.469 and p value is 0.000 and in HDFC bank the value is .508 and p value is 0.000 shows that the private sector bank employees are more concern about the career advancement.

Findings of the Study

On the basis of above analysis and interpretation following observation can be drawn:

The poor performance appraisal system cause more stress hence it should be moderated in the favor of optimum evaluation system.

The government sector employees must be trained and directed towards career development so that they may able to take more developmental risks at workplace.

The satisfaction level of the employees should be based on the optimum evaluation system in turn, some financial rewards may also be given to the employees after performance appraisal at the end of each year.

The growth of the organization can also be measure through employee's performance at workplace, where moderated stress of work should be allotted by the management.

Conclusion

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

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