

Impact of Performance Appraisal and Motivation on Employee's Output with Reference to Banking Sectors in Lucknow, Uttar Pradesh

Abstract of Thesis

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ABSTRACT

Key Words: Performance Appraisal, Motivation, Evaluation, Public Sector, Private Sector, HRM

A Performance Appraisal (PA) is being referred to the performance review, (career) development discussion, performance evaluation, or employee appraisal is the method in which the evaluation and the documentation of the employee are done to see the job performance. The PA is a standard review of the employee performance in the organization and it is also a part of the career development. Performance Appraisal as compared to the employee's present and the past performance according to which his or her performance standards are evaluated. Performance appraisal is to reinforce and sustain the change; performance management assists the organization to develop workers with skills that align with the organization's change, goals and to determine employee skills deficits that require development and strengthening. Now to successfully implement the change, organizations need to align the performance of their workforce with the change – that is people must understand what they need to do, what they been able to do it, and it has been supported in doing it by appropriate incentives and rewards. This study highlights that employee performance plans in any organization should assign quantifiable and measurable objectives for employee performance which can later be recognized for rewarding positive behaviours and approaches in the change process. Lastly, aligning individual and organizational performance management systems drive new behaviour and gradually shifts the organizational culture in support of the change vision. Maximization of the performance of organizations has been one of the main concerns for an organization (Bob cardy,1997). Good organization performance is directly dependent upon the

employee's performance. A steady satisfactory performance of an employee does not happen automatically. It requires important ingredients such as Managerial standards, Knowledge, Commitment, Skill and Performance appraisals which has a direct impact on employee's performance. Here, performance appraisal is the cynosure. There is a brief introduction of the past of the performance appraisal. It is the origin which is used to be traced by the pioneering motion and time studies by the 20th century to the Taylor's. The PA system was started and implemented in the 1940's the merit rating and the utility of the system was done with the initial point which is near to the II World War as the method of employee's wages and justifying the system(Lillian & Sitati,2011). Most of the banks which are making employed the performance management system for the purpose of enhancing the employee's performance because that leads to the goal of the organizational performance. (Poulakis,2009) has said that the PA is a very vital process so it is considered as the weakest point for managing human resources. It is an important tool for managing the performance appraisal employee's work very efficiently. (Armstrong, 2001) it is said that the behaviour of a performance where the way of the organization teams and each employee get their work the job done. (Mooney, 2009) they have suggested that the performance appraisal is not only based on the result of an employee but also related to behaviour and activity of an employee's which they adopted to be accomplished for their goals.

PA is a systematic general and the episodic process which has been evaluated a particular employee's productivity & the job performance in which the standard criteria and the organizational goal is pre-defined. The factors relating to individual employees are measured as well such as accomplishments organizational citizenship behaviour strengths, weaknesses and the potential for future improvement, etc.

For collecting the PA the data we required are largely three main methods: personnel, judgmental evaluation and production personnel. Judgmental evaluation is used for the diversification of the evaluation of techniques. In the earlier period PA has been conducted annually(long- cycle appraisal) now a day's many of the organizations are adopting the shorter cycles like (every six months, every quarter) and some of the organizations are adopting very short cycle or for the continuous feedback methodology (weekly, bi-weekly) PA. The interview is the process for the functioning of the "training and development of employees, providing them feedback to employees, conveying and discussing compensation, disciplinary actions or job status PA is frequently involved in a performance management system. PA which may assists to the subordinates for answering the two keys question: first, "What are your expectations from me?" and the second question is, "How am I going to meet your set expectations?"

Literature Review: literature related to performance appraisal and motivation of the employees. Several papers thesis and other publications have been explored for review of literature online and offline mode. In consonance with the literature review based on the organization evaluation of performance appraisal and the research on the banking sector and factors affecting them. Dessler (2008) has defined the performance appraisal other system which involves the setup of employee standard assessment of actual job performance comparing the performance and Standards and then letting know the employee about the gap between his performance and actual standard and also to suggest the improvements for the enhancement. Whereas Gupta(2006) has identified performance available as a tool for capacity assessment given to an employee for a particular job. An employee is given a particular job and then his performance is assessed based on his efficiency. (Pinar Gungor 2011) says

“Motivation is the capability for self to modify his/her performs. The information collected for the performance appraisal provides a base for employment and training, selection and overall development of the existing staff. It also motivates and maintains an excellent human resource through the unbiased, correct and proper rewarding of their presentation. Panagiotakopoulos, 2013), it is concluded that the factors affecting the worker's motivation in a limited time where the financial rewards are kept to the minimum leading to invigorating the employee’s overall performance. As per Kuo (2013), prosperous associations have to add the strengths and motivation of inside the workers and having responded in such a manner that to external changes and the demands punctually that it shows the organizational values unambiguously.

Objectives: The purpose of the research is to study and explain the impact of performance appraisal and motivation on employee’s output on the banking sector.

The specific objectives of the study are:

- 1) To study the impact of appraisal and motivation factors on the performance of employees from a managers perspective.
- 2) To know the current appraisal practices followed in private and public sector banks
- 3) To find what HR interventions are seen to make performance appraisal systems more effective in general of the public and private sector banks.
- 4) To evaluate the manager's perception of performance appraisal.

Hypothesis testing of Objective 1

H1: there is a significant impact of appraisal and motivation factors on employee output or performance as perceived by the bank managers.

Ho: there is no significant impact of appraisal and motivation factors on employee output or performance as perceived by the bank managers.

Hypothesis testing of Objective 2

H2: To know that there are current appraisal practices followed in private and public sector banks.

Ho: To know that there are no current appraisal practices followed in private and public sector banks

Hypothesis testing of Objective 3

H3: There are any HR interventions seen to make performance appraisal systems more effective in general of the public and private sector banks.

Ho: There are not any HR interventions seen to make performance appraisal systems more effective in general of the public and private sector banks

Hypothesis testing of Objective 4

H4: To evaluate that there is an impact on the manager's perception of performance appraisal.

Ho: To evaluate that there is no impact on the manager's perception of performance appraisal.

Research Methodology: The basic nature of this study is descriptive and exploratory. Descriptive analysis essentially means the study of the distribution of variables. This analysis is done using applications like- M.S Excel & SPSS 22 software, bar graph, pie chart, tabulation, frequency, age group, gender etc. The analysis starts with the process of editing and coding of data. This type of study provides an accurate outline of people, events and situations. Descriptive studies mostly are an extension of, or preliminary research to, a piece of explanatory or exploratory research. The research design for this study is covered under the following main heads:

1. Sample and data collection technique:

a) Sample technique: Non Probability Sampling(mix of purposive & judgmental sampling)

b) Sample size: collected 100 managers, 50 public sector banks and 50 private sector banks. Some of the banks which I have selected are:

- Public banks

- Bank of Baroda
- Canara bank
- Central bank of India
- Indian Overseas Bank
- Punjab national bank
- Syndicate bank
- Union Bank of India
- Vijaya Bank
- State bank of India
- Gramin bank of Aryavat
- Allahabad Bank

- Private Banks

- Yes Bank
- HDFC Bank
- ICICI Bank
- Axis bank
- Indusland Bank
- Kotak Mahindra Bank
- Federal Bank

➤ Citi Bank

- a) Primary data collection tool: The data was collected through an administered questionnaire with the objective of the study and it was through a personal interview with the managers of the bank.
 - b) Secondary data: journals, reports, magazines, online resources, articles, etc.
2. Questionnaire or survey design: the questionnaire is designed as per the objective. It consists of the demographic details and followed by the objectives and its variable. Each objective has its own variables.
 3. Measurement: multi- Item five-point Likert type of scale was used to measure the variables. The scale is used with 1- strongly disagree to 5- strongly agree.
 4. Other research tools: the Chi-Square and Mann-Whitney test is being used.

Research Gap: From the literature survey it became clear that the existing study stressed on the need of development of banks employee through many factors such as appraisal, motivation, wages, salary, incentive, a promotion which are responsible for making an employee successful of the banks. There were many studies in content banks development but not in the context of Indian employee. Further to add this gap there is no study related to their employee in Lucknow, UP. This study tries to extend the results of the previous work done by researchers on banks.

This study is an attempt to observe the current trends going in banks which brings out its present status. The study focuses on the issues going in the banks and implementation and operating from the perspective of the public and private sectors and elucidates the perceived success and risk factors associated with the banks.

Key findings: The findings are arranged as per the objectives of the study are:

In objective one, For five of the factors that is, 'Level of wages', 'Rewards', 'Motivation', 'Rewarding mechanism' and 'Actual Promotion' managers of both the sectors have same perception that these factors affect the performance of employees but in the other three factors regarding impact on performance appraisal in which the private count was more than public count in which more people agreed than disagree with factors.

It is clear from second objective that the other four practices 'Fair Consistent Performance', 'Measurement, Feedback of Evaluation', 'Employee faith in current practices', and 'Overall effectiveness of current practices' the perception of public and private sectors managers were not found to be significantly different but from factor 1 and 5 that is regarding Consistent Performance Measurement and Employee faith in current practices only the public sector bank managers agree whereas for factor 4 and 6 that is regarding Feedback of Evaluation and Overall effectiveness of current practices only the private sector bank managers agree.

In the objective third, it may be concluded that private bank managers agree in significantly more numbers that Performance appraisal is used as a decision-making tool for increasing the performance and set promotion standards.

In objective four that the interestingly the four perceptions were found to be significantly different with respect to public and private sector bank managers. These are 'Manager's intent to improve', 'Manager's agreement with results', 'Employees get Expected results', and 'Manager's satisfaction with current performance appraisal system' but for factors 2 and 6 the public sector managers agree in significantly more

numbers whereas for factors 3 and 6 the managers of private banks have responses with 'agree' in significantly more in number.

On the basis of my study findings may be concluded that a significant numbers (majority) of the bank managers think that or have the perception that appraisal and motivational factors affect performance of employees or in other words there is an impact of appraisal and motivation factors on performance of employees as far as managers' perception is concerned.

It was also analyzed whether these findings are true for both the public and private sector banks. So the perception of public and private sector bank managers was compared to test whether they have the same perceptions regarding the impact of appraisal and motivation factors on the performance of employees

From these significantly different perceptions, public sector bank managers agree in significant numbers for factors 'Manager's agreement with results' and 'Employees get Expected results'. That is to say, only public sector bank managers think that they are satisfied with the obtained results of the evaluation and they also think that employees get the expected results of the evaluation. Whereas the private sector managers don't think this way.

The factors for which the private sector agrees in significant numbers are 'Manager's intent to improve' and 'Manager's satisfaction with the current performance appraisal system'. This means that only private sector managers have the intentions to improve their evaluation score and are also satisfied with the current performance appraisal system. While the public sector managers don't think this perception.

Suggestions: Some of the suggestions and recommendations of my study are: A high motivation should be given to the employees to have high performance. Promotion of employee will definitely affect the performance of the employee. The managers are not involved in the decisions made by the organization which affect the performance at the workplace as it is confidential. It helps in presenting things fairly without bias. Managers should have the intentions to improve their evaluation result score as it may be outdated. It has to be modernized. The managers should provide them with the current practices which the organization is following for the evaluation of the performance for giving substantial results. In the organization, there should be regular monitoring of the employees which will make PA more efficient and should be promoted or given rewards for their progress from time to time. There should be training and development programme for enhancing the skills of an employee. The merger and acquisition of the banks will improve the performance standards of the organization. The female managers should be given preference in the work area as they are good managers and it has very less percentage in the banking sectors as well.

Conclusions: On the basis of above findings it may be concluded that a significant numbers (majority) of the bank managers think that or have the perception that appraisal and motivational factors affect performance of employees or in other words there is an impact of appraisal and motivation factors on performance of employees as far as managers' perception is concerned.

At the end of my study, some important conclusions are that the factors of performance appraisal only for private sectors it is applicable insignificant number whereas the public sectors it is not applicable in other categories

It is clear from the data that it's regarding the Consistent Performance Measurement and Employee faith in current practices only the public sector bank managers agree whereas for another factor it's regarding Feedback of Evaluation and Overall effectiveness of current practices only the private sector bank managers agree.

Hence it may be concluded that private bank managers agree in significantly more in numbers as they are highly motivated and the performance appraisal is being used for setting the promotion standards and also a decision-making tool for increasing the performance. So the private sector banks grow faster than the public sector and have more accountability.

Limitations and Future Directions: The major limitations of the study are the application of non-probabilistic sampling technique. This limits the generalization of the conclusions. The other limitation is that there is a high degree of confidentiality of the selected banking sector getting factual data was a constraint. There is an unwillingness on part of the respondents due to their personal interest as sometimes non-availability of the managers in the banks. For future researchers, it is recommended to include random sampling can be done in the study to explore more in this field. The study can also be done in another sector other than banks can also select a company or any organization. The researchers can also take other variables like leadership style, job design, and empowerment. Additionally, Researches might be done in various Indian cities to further validate the findings of this study.