

THE IMPACT OF PERFORMANCE MANAGEMENT OF UNION BANK EMPLOYEES ON PERFORMANCE

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Abstract: Performance management eliminates the performance appraisal or annual review as the focus and concentrates on the entire spectrum of performance management and development issues. Employee performance development, training, cross training, the provision of challenging assignments and regular performance feedback are included in an effective performance management system. Purpose of this study is to have descriptive research analysis the impact of appraisals on the performance of employees in Union Bank of India and suggesting new methods for improving their performance management systems. Methodology used Primary data was collected through self- structured questionnaire followed by unstructured interviews from the participants according to the needs and purpose of the research. Research findings show that there is a positive relationship between Career Development and Effectiveness with true Performance Management Systems. Analysis of data also shows that absence of Performance based Pay leads to demotivation amongst employees.

Practical Implications of this study may be used by HR managers to identify and improve performance management systems to conduct performance planning, develop employee motivation, identify training needs and support the current performance process by implicating new suggestions and solutions. It also provides the literature for future researches.

Keywords: *Performance Management, Effectiveness, Goals, Motivation, Training*

I.INTRODUCTION

Today's competitive market financial institution are striving high to deliver quality of products and services. They even strive high for deliver better services and products at a low cost to compete market in order to be in business and gain competitive advantage they realise that they need talented workforce hence focus on the employees satisfaction and motivation is key for success. Many financial institution had been taking advantage by creating effective performance management system. Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource". (Kandula, 2006:5).

Performance management is used as a proactive system of administration of employee performance for motivating the employees so as to delivered the desired result of the financial institutions. The focus of the performance management system is to align the employees Performance management aims at building a high performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes on a continuous basis and at the same time raise the competence bar by upgrading their own skills within a leadership framework. The process of performance management begins with the joining of a new employee in an organization and ends when that employee quits the organization. Performance management consists of performance appraisal and performance development. Performance appraisal is one of the most widely used techniques of guaranteeing the value of employee performance. The aim of this paper is to observe the effect of performance management on the job satisfaction, motivation, career development which will finally guide to success of the banks. It further throws light to recommend suggestive solutions that can increase effectiveness of the performance management system of Union Bank of India.

The service industry thrives on interpersonal communications and relationships and therefore, needless to say, Human Resources play the most crucial role in contributing towards organizational success in the Banking industry. Union Bank of India was established on 11th November 1919 with its headquarters in the city of Bombay now known as Mumbai. The Head Office building of the Bank in Mumbai was inaugurated by Mahatma Gandhi, the Father of the nation in the year 1921. The Bank now operates through over 4297 branches, with a clientele base of over 67 million customers and more than 38000 employees. Four of these are overseas in

Hong Kong, Dubai International Financial Centre, Antwerp, and Sydney (Australia). UBI also has representative offices at Shanghai, Beijing and Abu Dhabi. Union Bank of India operates in the United Kingdom through its wholly owned subsidiary, Union Bank of India (UK).

The Bank's core values of prudent management without ignoring opportunities is being reflected in the fact that the Bank has shown incessant profit during all 96 years of its operations. Union Bank plays a very proactive role in the economic growth of India and it extends credit for the requirements of different sectors of economy. The Bank has also introduced Core Banking Solution with connectivity between branches. 100% of the business of the Bank is under Core Banking Solution making it a leader among its peers in infusion of technology. Technology will also enable the Bank to derive substantial cost reduction while creating the requisite capacity to handle the ever rising volume of business in a competitive environment that offers immense opportunities.

Union Bank of India has a large pool of talent, which is nurtured by a robust and transparent Human Resources Policies, under various categories. Various HR initiatives have been introduced, which are backed by supporting technological advancements, to ensure that a prompt TAT is maintained in catering to the needs of the employees. Union Bank of India has won 'The Golden Peacock Award for HR Excellence' consecutively for the years 2014, 2015, 2016 and 2017 making it a top PSU to work with.

The concept of Performance Management System is to design a robust, transparent and objective system of evaluation of performance, competency and potential of the employee.

Objectives of the Performance Management System

Creating an environment of performance excellence through-

- Clear alignment of goals at both levels - department and organization
- Clear expectation setting on KRA and Competencies at the start of the year
- Objective measurement of performance against targets
- Simplicity and ease of administration
- A high degree of development and improvement orientation
- Visible and transparent linkage of performance with other HR systems
- Clear defined steps in the process with clearly articulated roles for each stakeholder in the performance management process, minimizing scope for subjectivity

II.LITERATURE REVIEW

History of performance appraisal- Performance appraisal in the beginning was just the way to reduce inequalities and injustice in monetary terms as it used to ensure whether employee is paid according to its worth it had nothing to do with employees feelings or appreciation then this concept was modified into a multidimensional approach, to align employee performance with organization strategy and which led to the start of performance management (Franzsen, 2003: 133). In early days, appraisal systems had different meanings in diverse circumstances. For example, it could be used to evaluate or audit individuals, as a tool for succession planning, training, controlling, development and motivation. Managers were not equipped or empowered to use appraisals as a management tool and employees did not see the benefit of this tool for themselves. Over time, performance management has become a management tool to ensure effectiveness and alignment of individual and organization goals/objectives (Shelley, 1999: 442-443). Armstrong(2004) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.“ Performance management is a process of designing and executing motivational

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

Matlala (2011) 'Employee Fairness Perceptions of a Performance Management System' concluded that employees at the organization have a negative perception of the fairness of their organizations performance management system. It is also clear that employees' perceptions of fairness are influenced by distributive, procedural and interactional justice factors as outlined.

Key attributes of performance management: Owned and managed by management. Strategic, Long run goals, looking forward, Constant, Integrated, Management by agreement, Holistic, Managers owned, Supple and adaptable, Focus on individuals growth, Practical and effective, Qualitative phase of performance, (Rosario, Longo: 2011)

Bhatia and Jain (2012) - The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use its objectivity to optimize them as a vital resource. The performance appraisal plays a very important role in success of any organization. It not only motivates the employee but also improves the productivity level of any organization. Though the need of Performance appraisal is generated in every organization but there is a difference in mechanism in public and private sector. This research paper is an attempt to highlight various dimensions of appraisal in both the sectors, do comparative analysis and suggest some corrective measures for betterment.

Anbarasu Thangavelu and Dr. J Clement Sudhahar (2014) 'Performance Management Challenges in IT Industry – An Overview' conclude that the performance management system for a large IT organisation should be designed to measure the past and potential performance of its employees and its own performance in alignment with the states vision of the organization.

Rajput, et al, (2015) in their article titled 'Performance Appraisal System' explain that performance appraisal is conducted on an annual basis for existing employees whereas for trainee and new recruits it is done on quarterly basis in many organizations. Here author studies about the multidimensional nature of job where the nurse manager gives rating to different job of nursing process. Thus, Employees who have relatively less competition or lenient appraisers have higher appraisal than to equally competent employee.

Jindal and Gupta (2016) - This study is conducted to understand employee empowerment status in respect of various demographic factors such as age, income, qualification, education and many more. It is assumed that a satisfied and happy employee is the biggest resource of any organization. Bank is a service based industry and its employees are responsible for its huge productivity and profitability. Empowered employees work with positivity and takes decision more confidently which results better. But status of employee empowerment is still a question, so this study is initiated to understand the level of employee empowerment in HDFC Bank of New Delhi. Some dimensions which are considered here are like leadership, motivation, performance, job satisfaction, issue of control, employee participation with demographic factors like age, income, education, gender, and designation. The study used independent sample t-test to find the variation, if any among overall employee empowerment level with different demographic factors. Data is collected from 220 respondents and it results that employees are satisfied and feels that the organization support employee empowerment.

Teju kujur & Shah (2016) -This paper provides an insight to such innovations, related to Human Resource Management with the help of a primary study based on the viewpoints of HR managers of six different Indian banks both from public and private sector. These innovative HRM practices have been listed under seven different heads of HRM namely recruitment and selection, training and development, performance management, compensation management, career development, employee motivation and employee security. A few of the earlier studies have also been referred for the final conclusions. The level of implementation of these innovations may not be satisfactory, yet the implementation has been started and the favorable results in the productivity will make these A Study of Performance Appraisal Practices as a Tool to Improve Employee Efficiencies in Private Sector Banks – A Case Study of HDFC Banks. 2016 Chapter No. 02: Research Methodology and Review of Literature Page 76 banks feel how important these are for their growth. It has been found that convergence of practices of new and innovative HR areas will benefit the banks to become more competitive.

2.1 Performance Management System at Union Bank of India

PMS has 2 components viz. Performance & Managerial Dimensions. Final Scoring will be based on evaluation on both the counts. PMS has 2 Phases viz. Performance Planning and Final Evaluation. Performance Planning is undertaken in the beginning of the Financial Year i.e. May followed by Final Evaluation in April. Performance Planning is at Appraisee and Appraiser levels and the final evaluation is at 4 levels viz. Appraisee, Appraiser, Reviewer and Acceptor as per the GOI directives. The Appraising Authority is minimum one notch higher than the Appraisee, Reviewing Authority is minimum one notch higher than the Appraising Authority and the Acceptor is one notch above the Reviewing Authority, except in the case where CMD is the Reviewing Authority, then CMD is the Acceptor as well. As per the new GOI guideline - roles have been defined as Budgetary Roles, Non Budgetary Roles and General Managers' Role. KRAs for each unique role along with marks and performance indicators has been defined across the Bank through the Job Description exercise. More than 450 job roles have been developed which are regularly updated. Bank has got the PMS Module developed, designed and customized on Union Parivar for online submission of PMS which has been redesigned to align it with GOI directives. Performance planning for each individual has target setting in alignment with the

Department/Bank goals. PMS also helps in identifying the star performers and leadership in pipeline for succession management. PMS has a provision to capture location preference, career aspirations and training & development goals to enhance employee satisfaction level, career pathing and capability building. To bring about transparency and objectivity in the PMS, self-rating and feedback mechanism between the employee and the appraiser is introduced in the performance appraisal and the final score will be made known to the appraisee. The Performance Appraisal System is designed as a tool that will not only gauge the performance of an individual for the past financial year but will also provide valuable inputs and guidance from the commencement of the financial year in the form of planning to help align unit efforts with corporate objectives. During the planning stage the appraisee and the Appraiser recognize Goals for Appraisee's role. Appraisee and Appraiser would also at this stage discuss expected behaviors that are required for successful performance in Appraisee's role. At the final Performance Appraisal stage, the Appraiser appraise the incumbent on Performance Parameters & Competencies, provide feedback on each area of performance and development, determine overall score based on quantitative and qualitative performance parameters.

2.2Representation

Officer is given an opportunity to make any representation against the entries and final scoring given in the report within 15 days from the date of receipt of final score in Appraisal Report. The representation is restricted to specific factual observations in the report and the grade/marks allotted. In case no representation is received within 15 days, it shall be considered that he/she has no representation to make. The representations so received are decided by the Committee. The Committee for considering the adverse remarks and marks/grade, if necessary in consultation with the reporting and/or reviewing authority decide the matter objectively and judiciously based on material placed before them within a period of 30 days of receipt of representation. The Committee after due consideration may reject the representation or may accept and modify the marks/grade and ratings. The decision of the Committee is final and communicated to the Officer reported upon within 15 days of receipt of the decision by the respective HR Department.

III.OBJECTIVES OF THE STUDY

1. To study the process of PMS followed by Union Bank of India
2. To measure the effectiveness of PMS followed by Union Bank of India
3. To recommend suggestive solutions that can increase effectiveness of employees

IV.RESEARCH METHODOLOGY

The methodology is the general research strategy that outlines the way in which research is to be undertaken and, among other things, identifies the methods to be used in it. These *methods*, described in the methodology, define the means or modes of data collection or, sometimes, how a specific result is to be calculated. Methodology does not define specific methods, even though much attention is given to the nature and kinds of processes to be followed in a particular procedure or to attain an objective.

For achieving the objective of this study and to conduct the investigation, data has been collected from both primary and secondary sources:-

4.1Primary Data: Creswell (1994) noted that, data collection methods for primary data include: structured and semi-structure questionnaires, mailed questionnaires, structured and semi-structured interviews (personal and telephone interviews), observation and focus group discussions. Questionnaires are the most commonly used methods when Participants can be reached and are willing to co-operate. These methods can reach a large number of subjects who are able to read and write independently.

The study used Questionnaires were used primarily in survey research and include close-ended questions which the respondents are asked to select an answer from given by researcher

4.2Secondary Data: Secondary data refers to data which is collected by someone who is someone other than the user. Common sources of secondary data for social science include censuses, information collected by government departments, organizational records and data that was originally collected for other research purposes. Secondary data has been collected through Journals, Websites and Magazines.

4.3 Sampling Units:

Target Groups (Officers/Executives ranging from Scale I to Scale VI)

4.4 Sampling Size and technique adopted:

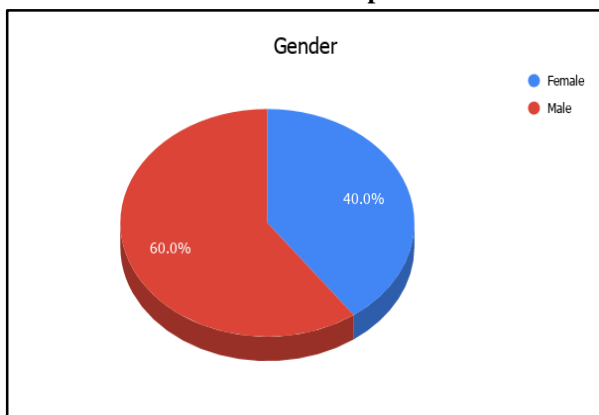
30 employees from HR, SSD and Treasury Departments of Central Office of Union Bank of India are being used as sample population. The technique used was convenient sampling.

4.5 Data Collection:

Self-structured questionnaire was developed and an interview was conducted addressing the objectives of the study.

V. RESULT

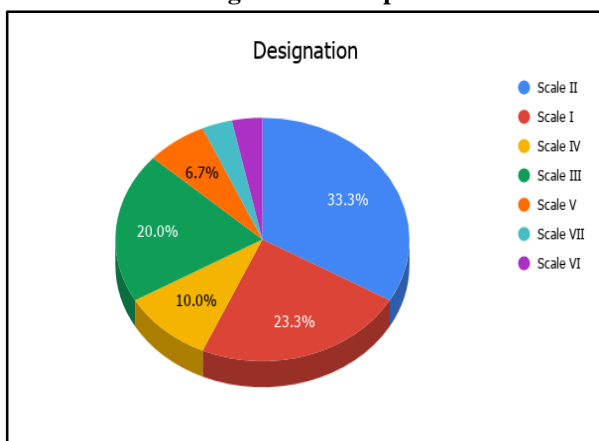
Table 1: Gender of respondents



Source : Data Collected

Inference: From above table it is evident that Out of total 30 Participants, 60% are male and 40% are female. It show that female are less comparative to the male.

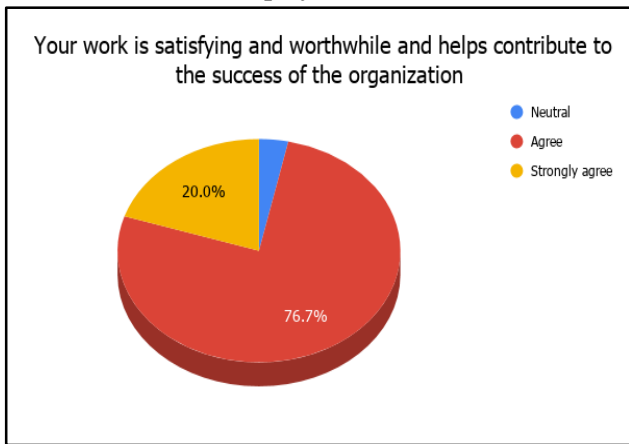
Table 2: Designation of respondents



Source : Data Collected

Inference: From the above data it can be identified that majority of the respondents are from Scale II i.e. 33% are Scale II officers while 23.3% from scale I , 20% from scale III least are from Scale VI.

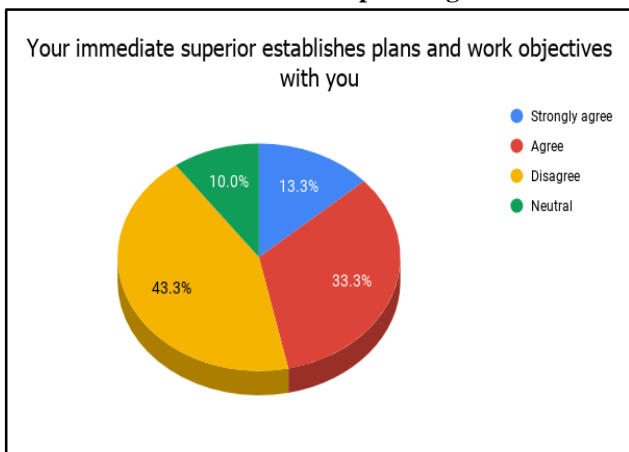
Table 3: Employees satisfaction



Source: Data Collected

Inference: From the above table, it can be observed that, 76.7% of employees are satisfied and feel that they contribute to the success of organization because they accomplish the assigned Key Result Area. Small segment of respondents were neutral towards their satisfaction in the organization but not disagree. As majority of employees are satisfied with their performance, this increases their efficiency at work.

Table 4: Performance planning

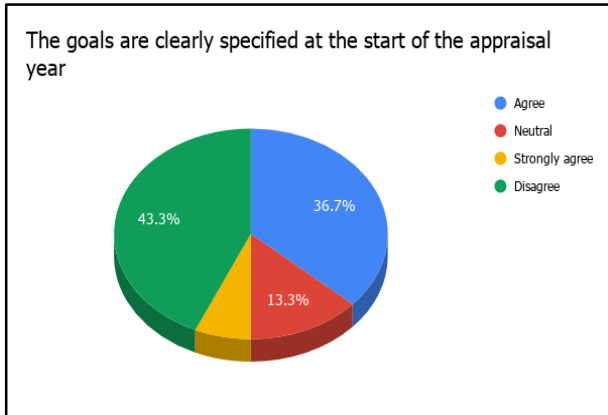


Source : Data Collected

Inference: From the above table it can be inferred that, 43.3% of employees feel that their immediate superior do not establish plans and work objectives for them as their Performance Planning is not conducted by their Appraiser as per the prescribed timelines. While 33.3% respondent felt that superior plan the work objective for them which further nurture them for achieved their goals.

And 13.3% strongly agree to the above statement. While 10% are still in vague about their performance planning.

Table 5: Goal setting

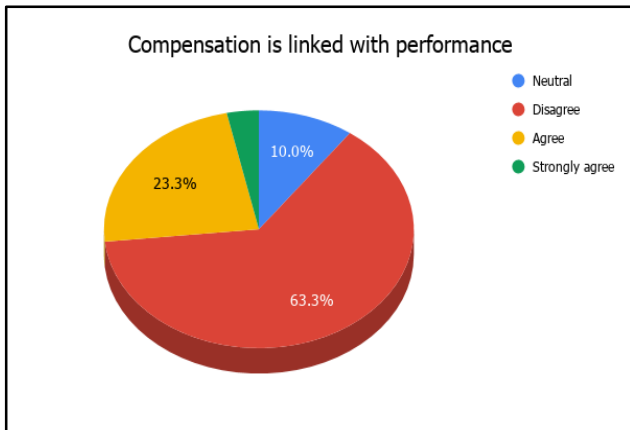


Source : Data Collected

Inference From the above table it is cleared that 36.7% of employees agree to the above statement. But majority of employee’s i.e. 43.3 felt that the organization lacks performance planning at the start of appraisal year.

Therefore, organization should ensure performance planning to be completed within the prescribed timelines for employees to get clarity of goals to be achieved.

Table 6 : Compensation linked

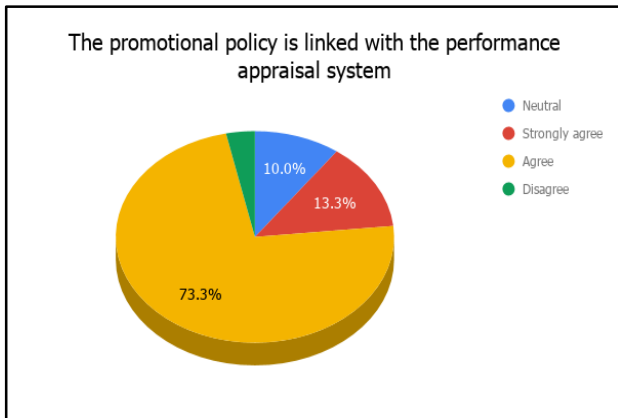


Source : Data Collected

Inference: Above table observed that 63.3% of employees believe that compensation and performance are not linked because organization does not follow Performance based Pay. 23.3% respondents agree for the statement

Therefore, we can conclude that compensation should be linked with the performance of employees so that they are motivated to perform better.

Table 7: Promotional policy

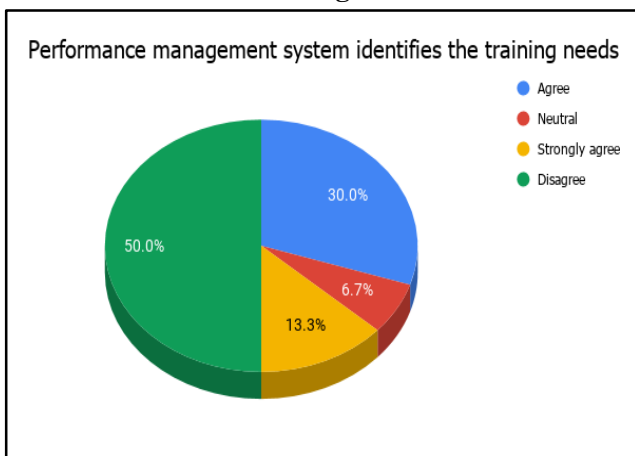


Source : Data Collected

Inference: From the above table it can be inferred that among the respondents 13.3% strongly agree and 73.3% agree to the above statement because their promotions are based on a number of variables, the most important being Performance hence they stated their opinion that it fair and whereas 10% are still not sure whether the promotional policy and performance appraisal system are linked.

Whereas among the respondents it is an overwhelming respond stated their opinion about the promotional policy linked with performance appraisal are fair.

Table 8: Training Needs

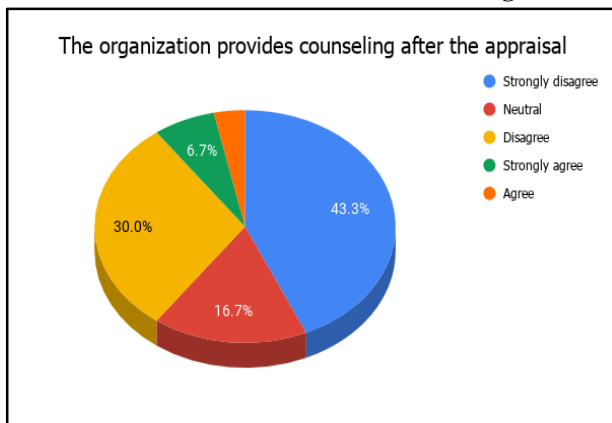


Source : Data Collected

Inference: From the above table it can be observed that 30% respondents agree to the above statement, it is further observed that 50% of the respondents are disagreed to it.

Hence organization should consider 50% of employees who feel their training needs have not been identified as the employees are not trained into the specific areas they mention in their appraisal forms. It should ensure that employees are provided with training and development programs at right time in their specific areas so that they are updated to increase their efficiency at jobs.

Table 9: Performance Counselling

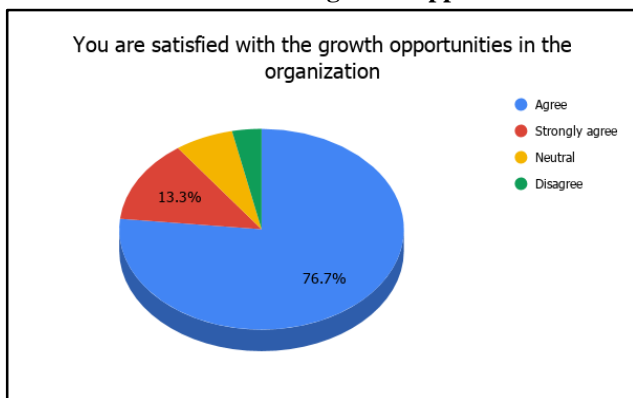


Source : Data Collected

Inference: From the above table it is observed that only 6.7% respondents strongly agree to the above statement while 30% respondent agree. It is further observed that 43.3% respondent strongly disagree above statement

As majority of the them disagree the statement, organization fails to provide counseling after the appraisal. This lack of feedback will not let them improve their performance at work. Hence that should consider this as important area for improvement

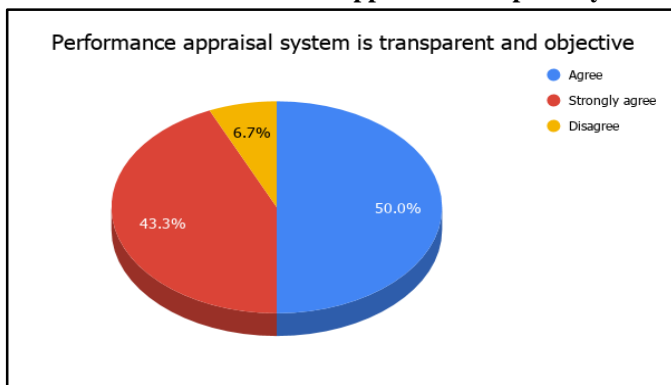
Table 10: Satisfied with growth opportunities



Source : Data Collected

Inference: From the above table, it can be observed that among the respondents majority of the respondents expressed their satisfaction toward existing performance management system as it enhance growth opportunity

It is observed from the above data that very negligible percentage of employees have contrary views with the above statement while majority are satisfied with the growth opportunities in the organization as the career planning and development of employees is transparent.

Table 11: Performance appraisal transparency

Source : Data Collected

Inference: Only 6.7% of employees agreed that appraisal system is vague and subjective whereas more than 73% of employees agree with the transparency and objectivity of the performance appraisal system as the employees are able to view marks given by acceptor. This can work as a motivation for employees to perform better.

VI. CONCLUSION AND RECOMMENDATIONS

Performance appraisal has vital importance in any organization and it should be used in an appropriate way to get true outcomes in the organization. Result showed that there's still a room for improvement in all factors. Some of the recommendations according to the study given below:

Award monetary and non-monetary recognitions to employees based on their performance to keep them motivated. Motivated employees can lead to increased productivity and allow an organization to achieve higher levels of output. There should be clarity in goals that are expected from employees as presence of goal clarity is a critical factor in predicting business performance.

Training need analysis should be conducted at various levels of organizations to identify performance issues that can be remedied through the introduction, practice, or reinforcement of specific and measurable knowledge and/or skill sets. Counseling should be given after the appraisal, so that employees get a feedback of their performance. Feedback of performance appraisal is necessary, so that an employee come to know about his capabilities & strength and the loopholes and demerits. Research finds out that Performance appraisal is conducted annually in Union Bank of India. If this process has a Mid-Year Review, which was conducted previously, then the management is able to tell employees with reference to their strengths, weakness, their training and developmental areas, key improvement areas. So that the employees may get better by the time and they can actually perform better than the last period of performance appraisal.

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