

The Role of Performance Appraisal in the Development of Human Resource in Co-operative Banks

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Abstract

There are different factors which contribute in the development of employees in any type of the organization. Performance appraisal is also known as employee evaluation, merit rating, employee assessment, etc. It is a systematic process of appraising an employee's current and past performance relative to his/her performance parameters. The employee's performance should be based on organizational expectations and employee's actual performance. The idea that performal evaluation improves employee's performance is not a new one but it is seen in the roots of development of mankind.

Introduction

Performance appraisal is also known as employee evaluation, merit rating, employee assessment, etc. It is a systematic process of appraising an employee's current and past performance relative to his/her performance parameters. The employee's performance should be based on organizational expectations and employee's actual performance. The idea that performal evaluation improves employee's performance is not a new one but it is seen in the roots of development of mankind. Each person is motivated when he is told about his actual perormance and accepts what were his/her previous mistakes. Performance appraisal process may be held annually or monthly as per needed. concept of performance appraisal Virtually all organizations have some sorts of means of appraising their employees. Performance Appraisal is one of the oldest, natural and most universal practices of Management. The basic

purpose of Performance Appraisal is to ascertain the behaviour of an employee anchored to performance and integrate with the organizational performance. It helps both the employers and employees to understand the responsibility in the organization. Performance appraisal system is focused to integrate the expectations i.e., performance, which gives a total clarity between the appraiser and appraisee. It is an instrument to create a conducive atmosphere in the organization. The purpose of any management is to build a very competitive and congenial work culture, which builds healthy competition, gives a sense of achievement to the employees and the stakeholders. Performance appraisal system is the right instrument that plays a vital role directly or indirectly in achieving the above. It improves the interpersonal relationship among the employees and employers in the organization. It reflects an evaluative judgment of the traits, characteristics and the work performance of the employees on jobs. It is a continuous process to reach the desirous goal of not only the organization but also the employees.

Review of Literature

Here, in this paper findings and observations of different researchers have been studied in depth and try to evaluate the significance of these studies.

Reddy and Balaji (1994) pointed out in their study that professionalization of personal policies is essential for successful introduction of HRD practices. They further stressed that there is a need to improve performance and results-oriented work culture in co-operative banks.

Verma and Pathania (1994) advocated that in co-operative institution training is considered as a major instrument of HRD but other significant system such as performance appraisal, promotion, manpower planning and selection, adequate welfare facilities, has not given due weight age. They further stressed that professionalization of management in co-operatives is the greatest need of today.

Raman (1991) suggested introducing and strengthening integrated Human Resource Development systems including performance appraisal, counseling, career planning, training and organization and development (OD) initiated, integrated and strengthen. The process of

implementing a development oriented system described in this case has many learning points for large organizations.

Srinivas (1990) conducted a micro-level study to examine the selected weak Central Co-operative Banks in Andhra Pradesh. The main objectives of his study were to examine the problems involved in the organization structure and to evaluate the performance of managements of the bank in relations to its objectives and goals. The study confined to 13 years period from 1968-69 to 1980-1981, and management of Central Co-operative Bank.

Sapru (1990) stressed that there is a need to develop individual for emotional and personnel development, for their effectiveness and efficiency job description and control through rewards and punishment.

Vadivelu (1989) attempted to study the personnel management policies and practices in central co-operative Banks in Tamil Nadu. The objectives of the study were: to examine the existing personnel policies followed by the Central Co-operative Banks and to assess their adequacy or otherwise in relation to the objectives set forth and job prescribed and actual performance, to examine their personnel administration policies and to suggest ways for a more rationalized approach toward personnel organization and management of the Central Co-operative Banks. The researcher adopted both descriptive and exploratory methods. Three district central co-operative Banks each representing A, B, C, audit classification were selected for the study, primary data were collected from banks.

Dinesh (1978) explained that there are certain serious drawbacks in the employer – employees relationship, viz, the entire process of recruitment, coordination, control, personnel and manpower planning induction and training, performance appraisal and promotion policies etc. in the co-operative and small industry sectors in general and co-operative industries in particular.

KutumbaRao (1978) considered co-operatives as a third rate organization in the market. Employees are not enthusiastic because of poor prospects, poor working and other working facilities.

Kulandaiswamy (1974) pointed that Cooperative management suffers from various managerial problems such as lack of coordination between Board members and executives

absence of professionals, non-existence of proper decision, state interference and unhealthy industrial relations. All these problems are affecting the growth and progress of Cooperative movement. He further admitted that the principle of scientific management are not being made applicable to the management of Cooperative institution, causing the steady progress of Cooperative movement in India. He further added that the Cooperative institutions are different from other organizations and thus required different treatment.

Objectives

The main objectives of the study is to find out the significance of Performance appraisal in the Development of Human Resource in Co-operative Banks in Haryana

Hypotheses

On the basis of the above mentioned objectives, the followings are the hypotheses of the study:

1. There is no significant relationship between the length of service & level of satisfaction with performance appraisal in co-operative Banks.
2. The performance appraisal does not significantly help in the development of human resource in co-operative banks.

Sample

The sampling for the present study included the employees working in all the three cooperative banks (Haryana state cooperative bank, Rewari central cooperative bank and Rohtak central cooperative bank). The sample of 250 employees is selected out of total number of employees working in these banks.

Collection of data

The Secondary data have been collected from the Head office of the Rewari Central Cooperative Bank and annual reports, books and other printed materials available in the library of these banks.

The Primary data has been collected through the questionnaire formulated for the requirement of the study.

Tools of Analysis

For the analysis of the collected data the Mean, SD, SE and Chi-square test have been applied. The Chi-square test is a non-parametric test (i.e. where the parameters of the population are not known) normal-parametric data does not follow the normal curve of the probability and have unequal or un-measurable scale intervals between categories from the different categories of employees in the form of nominal data. Hence X² test is considered more appropriate in the present study. The value of X² square is:

$$X^2 = \sum_{Z=1}^N \frac{(O_1 - E_1)^2}{E_1}$$

Where X² is calculated value of the chi-square, O₁ is the observed frequency, E₁ is the expected frequency. The calculated value of chi-square is compared with the table value to test whether the difference in the observed and expected frequencies is statistically significant or not.

Analysis and Results :- The role of Performance Appraisal in the development of Human Resource in Co-operative Banks has been analysed with the help of the followings :-

(a) Performance Appraisal

Table 1: Performance appraisal: Respondents' View

Sr. No.	Nature of Responses	No. of Respondents	Percentage
1	Satisfied	134	67
2.	Not satisfied	66	33
Total		200	100

It is evident from the table 1 that 33 percent of the respondents were found dissatisfied with the existing performance appraisal system is evident from Figure 7.5. Among the satisfied employees, majority of them i.e. 61.2 percent of the respondents were found satisfied with the existing system of performance appraisal “to high extent” and “to very high extent” respectively.

(b) Performance Appraisal System

Table 2 Degree of satisfaction with Performance Appraisal System

Sr. No.	Nature of Responses	No. of Respondents	Percentage
1	.To very high extent	19	14.2
2.	To high extent	33	24.6
3.	To some extent	82	61.2
Total		134	100

(c) Performance Appraisal of Length of Service

Table 77: Employees Length of Service and their Satisfaction with Performance Appraisal

Length of Service-----		Level of Satisfaction				
		To very high	To high	To some	Don't	Not at
Total		Extent	extent	extent	know	all
0-10	8	19	45	13	27	112
	(7)	(16.9)	(40)	(11.6)	(24.1)	
	(100)					

10-20	6	8	20	6	16	56
	(10.7)	(14.2)	(35.7)	(10.7)	(28.5)	
(100)						
Above 20	5	6	17	—	4	32
Years	(15.6)	(18.7)	(53.1)		(12.5)	
(100)						
Total	19	33	82	19	47	200
	(9.5)	(16.5)	(41)	(9.5)	(23.5)	

Note: Figures in parentheses indicate the percentages of row total

Table 2 depicts that a large number of respondents (41 percent) depending upon their length of service were of the opinion that they were satisfied with performance appraisal system in Cooperative Banks up “to some extent” whereas as 23.4 percent expressed their dissatisfaction over the existing system of performance appraisal 9.5 percent did not express their opinion.

The Table 3 further indicates that a large number of respondents i.e. 40 percent, 35.7 percent and 53.1 percent with the service i.e. up to 10, 10 to 20 and above 20 year respectively were found satisfied with performance appraisal system “to some extent”.

The value of X² test for 8 DF. Is 11.39 while the table value at 1 percent level of significance is 20.09,. So the null hypothesis is accepted with the inferences that there is no significant relationship between the length of service and level of satisfaction with performance appraisal in Cooperative Banks.

It may, therefore, be concluded that majority of respondents were satisfied with performance appraisal system in Cooperative Banks up “to some extent”. This perception is not affected by their length of service.

(d)Performance Appraisal and HRD

Whether the effective system of performance appraisal effect the HRD have been examined from the table 4

Table 4: Extent of Performance Appraisal in the Development of Human Resource

Sr. No.	Nature of Responses	No. of Respondents	percentage
1.	To very high extent	51 (3.02)	25.5
2.	To high extent	69 (21.02)	34.5
3.	To some extent	43 (.22)	21.5
4.	Don't know	28 (3.60)	14.0
5.	Not at all	9 (24.00)	4.5
Total		200	100

Note: Figures in parentheses indicate the X² value of cell

$$X^2 = 51.86; \quad p < 0.01$$

Table 4 evident that most of the respondents were of the opinion that effective system of performance appraisal helps in the development of human resources “to high extent” while 25.5 percent and 21.5 percent respondents viewed “to very extent” and “to some extent” respectively. 14 percent of the respondents did not express their view and 4.5 percent of the respondents opined that it did not contribute in the development of human resources.

The calculated value of X² is greater (51.86) than the table value at 1 percent level of significance. The null hypothesis is rejected with this inference that there is a significant difference in the level of satisfaction. A large number of respondents were satisfied “to some extent”. In other words the performance appraisal significantly helps in the development of human resources “to some extent”.

Conclusion

Most of the employees have got performance appraisal system in the co-operative banks in Haryana. There is insignificant relationship among respondents, view performance appraisal system length of service regarding performance appraisal to the employee and these factors

are not considered while imparting performance appraisal to the employees. Designation, length of service, mode of employment have a significant relationship and due weight is give while imparting performance appraisal of the employees. Development of skill is recommended as the main reason of attending different performance appraisal programme followed by development of individual capabilities by the respondents. Personal acquaintance with management had been noticed as the major factor considered at the time of performance appraisal the employees request. Performance appraisal is considered as major input for developing skill commitment, boosting the morale and increase in productivity.

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