

Article

Measuring the Perception of Private Bank Employees Regarding Their Performance Management System: Study of Rohilkhand Region

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Abstract

Performance Management has always been considered as an important and strategic tool for managing the workforce in an organization. In contrast to the system of performance appraisal, the process of performance management is more comprehensive and has a more rational and inclusive outlook towards the fundamental needs that an organization and its employees have. The performance management system and its related processes aim at clearly defining, facilitating, enabling and continually trying to improve the individual performance of an employee, teams and ultimately the organization.

The basic aim of the present research was to clearly understand and analyze the perception of private bank employees regarding the existing performance management systems and processes in their respective organizations. Perception of the employees was understood with respect to certain important dimensions of performance management like – planning for performance management, feedback, and their participation in the process, their knowledge and awareness about the overall system of performance management and various dimensions related to justice in context with performance management system. The sample size of the study is 639 private bank employees across various cities of the famous Rohilkhand Region of Western Uttar Pradesh. Cities that were a part of the research study were – Bareilly, Badaun, Shahjahanpur, Pilibhit, Rampur, Moradabad, Chandausi and Puranpur. Data was collected with the help of a structures questionnaire which were three in number; one was used for recording the perception of employees towards their performance management system and processes, second was used for understanding their knowledge about the system of performance management and third was specifically designed to record their perception about the organizational justice with respect to performance management systems.

Keywords: Performance Management System (PMS), Private Banks, Rohilkhand Region, Western Uttar Pradesh

1 Review of Literature

Modern day business organizations generally face widespread and sudden changes owing to continuous increase in the complexities of business. The level of competition, ever changing dynamics of globalization and uncertainty prevalent in the economic environment further adds to the list of problems faced by organizations these days. As the nature of businesses is changing on continuous basis and organizations deciding to put a lot of emphasis on individual and team performance, greater significance is being attached to human resources, their overall skills and competence. Under such circumstances, performance management system (PMS) is being considered as an indispensable tool among the HR practitioners that significantly generate greater

economic value and add to the overall development of organizations. Various studies in the past have also attributed high level of significance to PMS and have considered it to be one of the most important developments in the field of HRM ^[1]. Over the years, it has found an important place in the various literatures pertaining to the field of Human Resource Management.

Performance Management System is generally seen by many HR practitioners as a complex process that has varied consequences for both the parties involved; individuals and the organizations. In an industry like banking and finance where the outcomes of performance are easily measured in terms of quantitative figures that are generally in the form of targets, performance management has a very important and distinctive role to play. The basic functions of private bank employees related to targeting their products and services to the customers in the best possible manner and creating a superior environment of service delivery in comparison to their public sector counterparts ^[2]. Managing the performance of employees working in private banks involve various intrinsic challenges and several researchers in the past have tried their best to offer suggestions that can be used to successfully overcome these challenges. The banking industry has its own unique qualities that make it quite distinctive from others ^[3].

One such quality is heterogeneity of tasks being performed by single employee, especially in the private banking system. There is an abundance of literature available that talks about the requirement of such employees in the private banking system that are able to perform variety of tasks individually ^[4]. However, in such an environment, when a particular employee is being required to perform multiple tasks, very often it has been found that performance evaluation parameters of such employees are not well-defined. Eventually, that results in unsatisfactory appraisal of performance of such an employee and develops a feeling of discontentment in him/her with regards to the overall functioning of the system ^[5]. Abundance of such employees in the organization who are dissatisfied and not contended with their overall system of performance management is highly detrimental to the overall interests of the organization. It is in this regard that careful planning, implementation, feedback and control of well-defined and well communicated performance management system plays an indispensable role in measuring the overall success of an organization.

Though, it is well established Performance Management System acts as a vital link between the overall Human Resource Strategy of an organization and its Industry competitiveness ^[6], it also creates tension and mental pressure on the minds of the employees and the performance evaluators. The Performance Evaluation Team or the Performance Evaluators in an organization are generally in a dilemma about how their appraisal process and its end results will be perceived by the end users. Several researchers in the past have clearly mentioned and systematically opined that the overall manner and the process through which the performance management system is being carried out in organizations have a significant impact on the behavior of the employees towards their organizational work, their peers, seniors and the overall organization in totality ^[7-9]. Thus, the perception of employees and their individual opinion regarding various important elements of performance management system in an organization can prove to be very important and critical for the long term growth and performance of the company and also determines its competitiveness within the industry.

Another significant thing that has been observed during the analysis of the existing literature available on the subject, that majority of the research studies related to the performance management of employees in Indian context have been published in the recent past only. Before that, substantial research work was done in the developed nations and the broad generalizations emanated from the developed economies only. Performance Management in India has always been considered as a complex task, but a great amount of importance has always been accorded to the subject and its very elements that are important in the field of HRM. In one of his significant research studies carried out in 2007, Rao ^[10] identified several reasons which makes this subject –

Performance Management very important in the context of our country. Following are the various reasons identified by Rao:

- High Performing Organizations and the overall work systems rely heavily upon best performance management practices and processes ^[11].
- The fundamental concept of Performance Management System, which is indispensable for the success of modern day business organizations, has not been given much importance in Indian context.
- Thirdly, the overall productivity of Indian organizations (owing to their work culture) has largely suffered due to the prevalence of biased, unorganized and unintegrated practices related to the assessment of an employee's performance ^[12].
- Indian organizations and Indian Management have always been criticized for not involving employees in the overall process of performance management ^[13] and this is something that Indian organizations are desperately trying very hard to improve upon.

Besides this, the present study is also important from the perspective of the Rohilkhand Region of Western Uttar Pradesh. No such research work, especially focusing on the perceptions of private bank employees towards their performance management systems has been carried out. Considering the tremendous importance of this subject and the fact that a private bank employee of Rohilkhand region has received very less attention by the researchers, the present research work becomes all the more important. A systematic attempt has been made by the researcher to understand the perceptions of the private bank employees towards their performance management systems in the Rohilkhand Region and establish relationship between various dimensions taken into consideration.

2 Methodology

The research study is exploratory in nature and the foremost aim of the researcher is to understand the perception of private bank employees regarding their performance management system and processes. Data was collected from the employees of four private banks in the Rohilkhand Region. The various districts of the Rohilkhand Region that were a part of this research are: 1. Bareilly, 2. Pilibhit, 3. Badaun, and 4. Shahjahanpur.

The Branch Managers of all the four banks (with their branches in different cities) were contacted through formal appointed and requested to allow the researcher to gather data from the respondents. Considering the academic nature of the research study and the after getting permission from their Head/Zonal offices, the Branch Managers of the respective branches allowed the researcher to collect data from the respondents.

Only those employees were made a part of this research who had been working with their organizations at least for the past two years, because it was necessary that a respondent must have completed at least one performance review cycle in his/her respective organization. For data collection, a total of 380 employees were targeted, out of which 339 responses were used for the purpose of analysis.

2.1 Respondents' Profile

Out of those 339 respondents, 196 (58%) were males and 143 (42%) were females, 165 (48.6%) were in the age bracket of 26-32, 201 (59.2%) were having a work experience of more than 6 years in the banking industry. 126 (37.16%) were at junior level while 213 (62.84) fall under middle/senior level.

2.2 Research Objectives

The research study is basically targeted at understanding the perception of private bank employees of the Rohilkhand Region regarding their:

- Performance management system and processes.
- Perceived individual knowledge about the system.
- Dimensions of the process of performance management, i.e., planning for performance, feedback of performance etc. and
- Several dimensions of justice (organization)

2.3 Research Instrument

Individual questionnaires were prepared to understand the perception of private bank employees regarding various dimensions of performance management. An 18 item measure developed by Anupriya Singh ^[14] has been adapted and used to measure the perception of respondents regarding various dimensions of the performance management process – planning, feedback and employee participation. One of the items in the scale has been negatively phrased and was reverse scored. Likert scale (5 pointer) was used to gather the responses that ranged from 1-5. Cronbach alpha was found higher than 0.70 for each dimension.

Another instrument (questionnaire) had been developed to measure the perceived knowledge of the respondents regarding their system of performance management. An eleven item measure developed by William and Levy ^[15] has been used.

The third instrument was developed to understand the perception of employees regarding the various dimensions of organizational justice – procedural, distributive and interactional. A new instrument has been developed by the researcher based on the work of previous researchers ^[16-17]. The scale consisted of items related to the various dimensions of organizational justice, i.e. procedural, distributive and interactional.

3 Results and Discussion

Table 1 is Statistical Data. For the various dimensions of performance management, mean values of the variables indicate that employees were not satisfied with the planning stage of performance management (Avg. Mean 3.1, S.D = 0.71). The mean score range was 2.87 to 3.46. In terms of feedback of the performance, responses from the employees suggests moderate to low satisfaction (Average Mean 2.72, S.D = 0.88), as the majority of the employees stated the need to have a formal feedback that must be given by the supervisors to employees, so that they devise their plans and work related strategies accordingly. Results related to the participation of employees in the performance management process reveal that private bank employees perceive low self-participation in performance management process. Majority of the respondents stated that they were never involved in this process, except in few cases of self-appraisal, in that too, they were just handed over a self-appraisal form to fill it and submit. Things like – discussion with the supervisor, opportunity to put forward your own case and career planning happened rarely.

Results with regards to perceived system knowledge reflect that the level of awareness amongst the employees with regards to the performance management system is moderate to low (Average Mean 3.19, S.D = 0.89). Significant percentage of employees reveals that they knew about the objectives of this exercise of performance management, but there were a major percentage of the employees who were unaware about the evaluation criteria of performance management.

The mean score of procedural justice was 3.24 (std. deviation 0.99). Significant percentage of employees felt that supervisors were made accountable by the organization for their rating but, it was also felt that sufficient time is generally not spent on the discussion of performance review with the employees. Results with regards to distributive justice dimension indicated that

employees felt that decisions regarding performance review are at times, biased and there are employees who gets higher performance ratings than they actually deserved (Average Mean 3, S.D = 0.99). And finally, with respect to interactional justice (Average Mean 3.29, S.D = 0.99), respondents felt that only a small percentage of supervisors were handling queries and grievances of the employees.

Table 1. Statistical Data

Variable	Items	Mean	S.D
Planning for Performance Management	Employee awareness about set performance goals	3.23	0.72
	Goals and objectives are realistic	2.96	0.81
	Role Clarity	3.17	0.67
	Awareness about short term benchmarks	2.87	0.79
	Role and performance goal alignment	3.46	0.82
	Preparing performance objectives	3.61	0.53
	Putting task first than self-development *	2.41	0.64
	Total (7 items)	3.1	0.71
Feedback regarding performance	Is received from the supervisor on a regular basis	2.69	0.91
	Is specific and timely	2.71	0.82
	Guidance on improving operational skills	3.11	0.96
	Guidance on improving interpersonal skills	2.81	0.79
	Chalking out career development goals	2.45	0.93
	Tracking feedback implementation	2.56	0.88
	Total (6 items)	2.72	0.88
Employee Participation in Performance Management	Preparing goals in consultation with the supervisor	3.86	0.91

Process			
	Self-Review	3.93	0.87
	Individual self-rating	4.12	0.95
	Regular monitoring of self development plans	4.17	0.77
	Proper discussion about the process and career development plans	3.66	0.83
	Total (5 items)	3.94	0.86
Perceived System Knowledge	Understanding how PMS works	2.76	0.92
	Clear understanding of objectives and purpose of PMS	2.98	0.84
	Evaluation criteria awareness	3.45	0.67
	Proper understanding of performance standards	3.12	0.73
	Performance management processes at times are not clearly understood by employees *	4.01	0.99
	Lack of understanding of appraisal methods*	2.89	1.02
	Extra training will be beneficial for understanding the performance management process	3.14	1.06
	Total (7 items)	3.19	0.89
Procedural Justice	Accountability is on supervisors	3.36	1.04
	Lack of sufficient time	3.01	1.12
	Opportunity/Provision for correcting wrong rating	2.89	0.93
	Conduct of regular performance review meeting	2.76	0.87
	Documenting the feedback	3.73	1.03
	Overall transparency	3.69	0.98

	Total (6 items)	3.24	0.99
Distributive Justice	Prejudice free evaluation is done by the supervisors	2.87	1.12
	Power of an employee to negotiate influences the rating *	3.06	1.06
	Higher rating in some cases than the actual an employee deserved *	3.11	0.99
	Salary and promotion decision are just and fair	2.98	0.81
	Total (4 items)	3	0.99
Interactional Justice	Clear and actual incidents are being recalled by supervisors to justify performance ratings	3.55	1.02
	Employees are allowed to ask questions about their ratings	3.21	0.86
	Evaluators are open to feedback	2.96	0.92
	Opinions of employee are respected	3.63	1.12
	Seldom the supervisors behavior is rude	3.12	1.07
	Total (5 items)	3.29	0.99

Reverse scored item

3.1 Correlation of Demographic Variables

Correlation analysis between various dimensions of performance management and demographic characteristics of the respondents shows that performance feedback is strongly correlated with age ($r = 0.11$, $p < 0.01$), gender and total work experience. Perceived system knowledge is strongly correlated with all the variables except gender and experience in the current organization. Amongst justice, procedural justice is strongly correlated to level in organizational hierarchy ($r = 0.07$, $p < 0.01$), distributive justice with the work experience ($r = 0.12$, $p < 0.01$) and interactional justice with organizational hierarchy ($r = 0.12$, $p < 0.01$).

3.2 Regression Analysis

One of the important objectives of the study was to determine how the various dimensions of PMS and an employee's perceived knowledge with system of the private bank employees influenced their perception of justice. Therefore, each dimension was checked through regression analysis (Table 2–4).

Table 2. Procedural Justice

Dimensions	Std. Beta	t	Sig.
Planning	0.20	2.13	0.02
Feedback of performance	0.34	7.46	0.01
Participation of employees	0.12	1.93	0.00
System Knowledge	0.23	4.96	0.01

$R^2 = 0.512$ (adjusted) F value = 110.2 ($p < 0.00$) Total Variance = 55.4%

Table 3. Distributive Justice

Dimensions	Std. Beta	t	Sig.
Performance and its feedback	0.29	4.96	0.01
System Knowledge	0.34	5.03	0.00

Adjusted $R^2 = 0.315$ F value = 74.6 ($p < 0.00$) Total Variance = 33.4%

Table 44. Variable Interactional Justice

Predictors	Std. Beta	t	Sig.
Feedback of performance	0.36	7.81	0.00
System Knowledge	0.24	4.04	0.01
Employee Participation	0.16	2.83	0.02

Adjusted $R^2 = 0.298$ F value = 66.8 ($p < 0.00$) Total Variance = 56.7%

3.3 Hypothesis Testing

The following hypothesis were tested by the researcher for the better understanding of the situation.

H1: Positive perception of employees towards their performance management has a significant association with their productivity.

H2: Perceived system knowledge significantly affect the perception of justice amongst employees of private banks.

The association was tested using Chi-square and t-test at 5% level of significance. Further, z test was also applied to determine whether the population means are different because the sample size is large. In both the cases, the hypothesis were accepted showing that there is significant association between the two.

In both the cases, p-value 0.07, 0.08 was greater than standard value 0.05. Therefore chi square test is accepted. Also, the calculated z value 1.12, 1.23 was lesser than table z value 1.96 hence Null Hypothesis is accepted.

4 Conclusion

The work environment in the private banking industry is very challenging and demanding. Individual employees are given targets that come with a specific deadline. Pressure of meeting deadlines is always there. The overall concept of Performance Management becomes extremely important in such a context. An effective Performance Management System that is implemented organization wide in a simple and clear manner can prove to be of immense help and lead to extremely satisfying and desirable outcomes like – improvement in the performance of employees, enhancement is job and role clarity, better alignment and coordination at organizational and team level, improved employer-employee and senior-junior relationships and significant increase in the commitment of employees towards their organization. Along with this, systematically establishing strong interfaces and linkages between Performance Management Systems and other HR functions like training of employees and their overall development, succession planning, talent and competency mapping may further result in improved efficiency of implementation of the concept of performance management.

Several important aspects that came into light during the course of this present study were – Lack of proper performance planning from the side of the reviewers (especially the middle level managers) and significant lack of giving systematic and individual performance related feedbacks to the employees. Managers and Performance Reviewers are expected to encourage the employees towards the process of individual goal setting and chalking out a clear cut plan to achieve those goals. This has to be embedded as an integral part of performance planning. Adding to this, due treatment and judicious implementation of plans may significantly improve employees' perception regarding the inherent fairness in the overall process.

Performance Feedback is yet another important and indispensable element for the success of the overall process of Performance Management System. No matter how much time and effort has been spent on the overall planning and execution of the process in an organization, without giving adequate and appropriate feedback about the same to an individual employee, the entire activity generally remains futile. Feedback of performance is one such area that has to be given maximum importance by managers and reviewers.

5 Conflict of Interest

The authors declare that they have no conflicts of interest to report regarding the present study

6 Author Contribution

Abhinav Nath-designed the study and drafted the manuscript; Tanima Soni-conducted data collection and analysis; All authors have read and agreed to the published version of the manuscript.

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