DOI : 10.18843/ijms/v6i1(6)/02
DOI URL :http://dx.doi.org/10.18843/ijms/v6i1(6)/02

Effective Factors Influencing Performance Management System in Commercial Bank: An Exploratory Analysis

Dr. Jayalaxmi Samal,

Assistant Professor,
BIITM, Bhubaneswar, Odisha, India.

ABSTRACT

By considering the dynamism of Performance management system (PMS) in the organizational context, the present study aim to explore the factor structure of PMS components. Further, the study has also considered balanced scorecard as a strategic PMS tool and thus intended to identify the factor structure of the same. Finally, the study examined the PMS effectiveness factors. The author has used exploratory factor analysis to optimize the items and extract the construct validity of the factors. Factor analysis was performed using Principle Component Analysis (PCA) on 32 variables pertaining to PMS components, 10 variables related to Balanced Scorecard (BSC) and 14 variables allied to PMS effectiveness. The study adopted a quantitative approach and thus collected data from 313 commercial bank employees' by distributing questionnaire. The result confirms seven independent factors of PMS component, one factor of balanced scorecard and two factors of PMS effectiveness.

Keywords: Performance management system, Balanced scorecard, Factor analysis, Commercial Bank.

INTRODUCTION:

The business environment is changing like never before. The velocity of change in business environment has become the feeder for cut-throat competition in the business arena. As an outcome organizations have shifted to an era of continuous improvement, innovation, resource optimization, customer satisfaction and productivity. A business organization in order to be sustainable needs to continuously improve its performance by focusing on these parameters. Now-a-days companies have realized that sustainable performance is impossible without the support of the employees as they play a critical role, and can be a major source of competitive advantage, if managed properly. Performance is a behavior that leads to certain results. As performance is a matter of concern for each and every organization, irrespective of the size, location, business model, product or services etc. companies are striving for better performance. Performance management system (PMS), being an amalgamated system, have a significant effect on the performance. As rightly pointed out by Armstrong and Baron, (1998), performance management is "a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and developing the capabilities of teams and individual contributors". Thus, PMS is a blend of process-centric and people-centric approach aimed at eliciting corporate compliance by involving the employees. In short, the goal of performance management process is performance improvement, initially at the level of the individual employee, and ultimately at the level of organization (DeNisi and Pritchard, 2006).

REVIEW OF LITERATURE:

Present day organizations are running their business in a dynamic environment which demands continuous improvement, adaptability, high level of productivity with less cost, meeting customer expectations etc. Thus the modern day corporate has to perform if they do not want to perish in today's hyper competitive business

environment. As a HRD practice, performance management in organizations is viewed as the total system which assists the managers in streamlining the employees‟ performance by gathering important information, providing unambiguous feedback to individuals and work groups, and applying such information for the improvement of organizational effectiveness (Bernardin et. al., 1998). Therefore, PMS has captivated the attention of many researchers across the globe.

PMS Components:

According to Armstrong and Baron (2005) PMS elements typically include quite a number of performance standards, methods to quantify and assess performance based on those standards (i.e. performance appraisal), tools to enhance performance (e.g. reward structures) and feedback (e.g. performance reviews). PMS comprises of an array of activities mostly to augment the performance of the employees' or group in order to stimulate organizational effectiveness (DeNisi, 2000). Roberts (2003) explored a number of activities like policy deployment, performance appraisal, feedback and communication that complement this definition. Lebas (1995) stated that "Performance management involves training, team work, dialogue, management style, attitudes, shared vision, employee involvement, multi-competence, incentives and rewards etc". Likewise as per Daniels (2000), the three key elements of PMS are measurement, feedback and positive reinforcement. Measurement includes collection of performance related data in order to impart positive reinforcement (can be either tangible or intangible) and sharing the performance related data with the employees is known as feedback. In a similar note, Bae (2006) followed a literature survey approach in order to identify the issues related to three key elements of PMS like goal setting, evaluation and feedback of performance. According to the author, in order to fetch maximum return from PMS, managers and HRD practitioners must pay more attention to these elements. Organizations need to focus on the key aspects of employee performance that contribute towards the achievement of organizational objectives. Further stress should be given on maintaining accuracy and fairness in performance evaluation and finally on time feedback need to be given to the employees as this is one of the ways to improve job performance. In the same way according to Strebler et al., (2001) organizations need to focus on certain key issues related to PMS like feedback and counseling, performance rating, goal setting, assessing performance against objectives, training and development need identification etc. Formal and informal performance reviews are also the significant elements of PMS.

Falcone (2007) presents the golden cycle of performance management that revolves around goal setting and planning; ongoing communication, feedback and coaching; review, appraisal and reward as well as acting on the SWOT or strengths, weaknesses, opportunities and threats of individual, team, division and organizational performance. The study by Fareed Hafiz Muhammad (2012) explored the key factors related to PMS dimension that significantly contribute towards better job performance and those are dimensions of the job, clearly stated goals and objectives, performance appraisal, and rewards and recognition.

Balanced scorecard as a strategic PMS tool:

The balanced scorecard model, a strategic PMS (Kaplan and Norton 1996; 2004; 2008) is more popular because of its balanced approach towards organization's performance (Simmons, 2008) and thus it is a popular method for organizational PM systems (Srimai et al., 2013). It assists an organization in thoroughly investigating the organizational level performance. Linking BSC with PMS helps in deriving better results as PMS helps the employees to related individual objectives with the business needs of the organization (Mansor et al, 2011).

As cited by Radebe, PQ (2013), as an important measurement metrics, the balance scorecard helps an organisation to create value for both shareholders' and customers'. This is possible by aligning individual performance with the overall organizational goals. Further, surveys have indicated that the Balanced Scorecard is considered a top tool for creating organizational integration. It results in the alignment of all systems, processes and units of an organization to the organizational strategy (Kaplan and Norton, 2006). This ultimately leads to performance synergy. Development of scorecard at each level in the organization helps in identifying the strategic objectives and measures and thus leads to proper tracking of lower level contribution towards the overall goal of the organization (Niven, 2002). This also ensures that goals pursued by employees are consistent with and result in the achievement of organizational strategy (Jantjes, 2008). The outcome of an empirical study by Compton (2005) highlighted the importance of BSC and stated that organizations that use BSC witness a higher level of alignment between individual and organizational performance objectives in comparison to those corporate that do not follow the same. Anand, M. et al., (2005) stated that the Balanced Scorecard guides organizations in maintaining the balance between short run and long run, strategic and operational purposes, amongst its different perspectives, between measuring change and the present position, and between internal

focus and market image. But its implementation largely relies on management support. From an empirical study of 104 Chinese manufacturing firms, a linkage between BSC use and performance has been established (Fleming et. al., 2009). Synchronization of long-term planning, short-term planning and management reporting helps in realizing the benefit of performance management system (Thomas and William, 2005). The inference of the study by Radebe, PQ (2013) stated that, Balanced Scorecard as a key performance measurement tool produces performance measurement results and the performance management takes corrective action on those outcomes.
Yansheng Zhang and Longyi Li (2009) highlighted the significance of balanced scorecard as a tool for eliminating the performance related defects in the banking system. While designing BSC for commercial banks, the organizational strategies in general and the operational strategies in particular should be converted into a number of objectives and measurable indicators. Customer, financial, business process and sustainable competitive are the four major indicators of evaluation index system. These four indicators are related to the major perspectives of BSC.
Elif Ozturk and Ali Coskun (2014) identified that BSC is a popular technique used by banks under performance management process. Further, the findings showed that, as BSC offered a holistic approach towards performance measurement, thus, its use leads to more benefits. Further those organizations which injected BSC into their system have seen an "improvement on their planning and budgeting processes; their resources allocation was in line with strategy; strategic learning in these organizations improved, and their bottom line improved" (Krause, 2003).

PMS Effectiveness:
Makhubela et al., (2016) in their study explored the relationship between employee involvement, performance driven culture, top management commitment and the effectiveness of a PMS. Factors like: knowledge of the appraiser, participation of the employees, employee development, goal setting, appraisal follow-up and goal discussion were investigated, as these factors influence employees' perceptions towards PMS. The authors further stated that the key characteristics of a successful PMS are "the alignment of the PMS with the existing systems and strategies of the organization; leadership commitment; a high-performance culture; stakeholder involvement; and continuous monitoring, feedback and dissemination of and learning from results" (Fryer et. al., 2009). According to another study by Makhubela (2014) effective performance planning and management systems require a significant investment on time and resources. Human resource is one of the key factors that contribute to the competence of the system that is designed to measure people performance. Many organizations establish performance management systems to encourage and retain their most important assets- the employees. Performance management system having a development-oriented approach focuses mainly on employee development, as it leads to better performance which ultimately promotes competitive advantages (Dewettinck ,2008; Truss et al., 1997). Thus, an effective PMS always leave scope for employee friendly developmental interventions. PMS can facilitate the construction of an individual developmental plan that influences an employee's personal and professional growth by enhancing skills, behaviour and abilities. Further the author stated that the success of PMS is greatly enhanced if it is integrated to other subsystems like career management, succession planning, training and development.
Muhammad (2013) in his study narrated a few criteria for an effective performance management process like; connecting individual work performance with the organization's mission and objectives which will result in an understanding of how the individual's job contributes to the organizational goal achievement; setting clear performance expectations which promotes better employees understanding of the task; incorporating career development paths in the performance management process which will enable employees to recognize how performance in their current positions support their development and advancement within the organization; holding frequent discussions during the performance management cycle which will shift the focus away from performance management being regarded as an annual event (and focusing only on the performance review) but rather as an on-going process; and focusing on core functions via clear objectives and standards that will eliminate less important work and provided a strategic focus in support of the organizational vision.
Glennding (2002) and Haines III and St-Onge (2012) considered PMS to be effective "if it leads to the achievement of business goals, improved morale, increased customer satisfaction, better retention, and increased ease in adapting to organizational change". A number of researchers (Selden and Sowa, 2011; Kuvaas, 2006; Gruman and Saks, 2011; Gupta and Kumar, 2013) stated that when the PMS is effective, it may lead to employee motivation and engagement which are the major factors for organizational effectiveness.
Thus considering the above background, the current research is intended to explore the factor structure of PMS components, BSC and PMS effectiveness.

METHODOLOGY:

The current research used questionnaire to gather firsthand information from the respondents as it is termed as one of the prominent method to collect primary data. The questionnaire has four different sections like: respondents' profile, PMS components, balanced scorecard as a strategic performance management tool and effectiveness of PMS. Section I of the questionnaire includes general information about the respondents like age, gender, education, experience, name of the bank, branch, level and designation and for this the nominal scale was used. The section II of the questionnaire is further segregated into three parts. PMS components contain thirty two statements, ten statements under balanced scorecard and fourteen statements under the last part respectively. For all the statements under the above said section five point Likert Scale was used (5- Strongly Agree & 1- Strongly Disagree). The reliability of the questionnaire was estimated by Cronbach's alpha which is commonly used as a measure of the internal consistency of reliability (Malhotra, 2007). A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is as "≥ 0.9 - Excellent, ≥ 0.8 Good, ≥ 0.7 - Acceptable, ≥ 0.6 - Questionable, ≥ 0.5 - Poor, and <0.5 - Unacceptable" (Field, 2000; Joseph F. Hair et.al, 2010 and George & Mallery, 2003). The result shows that the overall Cronbach's alpha (.960) is in acceptable level. The non-probability convenience sampling method was used to select the banks and random sampling method was used for selecting the respondents. The target population for the current research was the Commercial bank employees. The total sample size of the study was 313. "Principal component analysis" technique of factor analysis was used to enquire the main factors of the stated constructs.

ANALYSIS:

Factor structure of PMS Components:

To derive the factor structure of performance management system in the context of commercial banks, principal component analysis (PCA) has been used. PCA has also been used to reduce a larger set of variables to a smaller set of variables that explain the important dimensions of variability and to summarize observed variability by a smaller number of components (Field, 2000 and Joseph F. Hair et al., 2010).

Table 1: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test (PMS Components)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.868
Bartlett's Test of Sphericity Approx. Chi-Square	5328.961
Df	496
Sig. .	.000

Table 2: Result of Principal Component Analysis (PMS Components)

Factor Name and Statements	Reliability	Communalities	Factor Loading	Mean	SD
1. Performance Review (34.535 percent of variance explained with 11.051 eigen value)	.884			3.681	.898
The bank conduct formal performance review meetings	.960	.542	.690	3.747	.864
This bank has provisions for mid-term review	.959	.685	.683	3.603	.942
Feedback is provided to employees in a regular and planned manner	.959	.687	.675	3.683	.915
The review process under PMS provide constructive criticism and timely information about issues affecting your job performance	.959	.683	.566	3.709	.805
The factors facilitating and hindering performance are taken into consideration while appraising the performance	.959	.596	.558	3.702	.922
Objectivity is maintained during appraisal	.959	.688	.515	3.798	.862
The appraisal system of the bank is fair and transparent in nature	.959	.655	.503	3.865	.913
The current reward system of the employees is par with industry needed	.959	.613	.473	3.511	.902
Merit is the only consideration for awards, rewards and promotion in this bank	.959	.572	.417	3.517	.964

Factor Name and Statements	Reliability	Communalities	Factor Loading	Mean	SD
2. Organizational support and career planning (5.709 percent of variance explained with 1.827 eigen value)	.805			4.041	.751
Dedication and loyalty still has a place for recognition in this bank	.960	.654	.682	4.067	.754
The bank offers opportunities for career growth and other professional development	.959	.725	.667	4.041	.764
The promotion policy of the bank is fair and transparent	.959	.685	.592	3.859	.858
Job-rotation is useful for employee development	.960	.513	.584	4.281	.672
Employees are given opportunity to utilize the skills and activities learnt during the training programmes	.959	.569	.478	3.961	.710
3. Performance based bonus & incentives (5.316 percent of variance explained with 1.701 eigen value)	.810			3.565	.979
Annual bonus based on the achievement of bank's financial target	.960	.768	.840	3.488	1.013
This bank offers annual bonus and incentives to performers	.960	.770	.809	3.530	1.080
PMS establishes a clear connection between performance and rewards	.959	.667	.598	3.677	.844
4. Performance Appraisal (4.952 percent of variance explained with 1.585 eigen value)	.732			3.847	.818
The performance appraisal system is growth and development oriented	.959	.669	.711	4.025	.733
Performance Appraisal system has influence on individual and team behavior	.960	.584	.692	4.006	.693
The present training programmes are adequate to meet professional standards	.959	.644	.575	3.897	.806
The bank encourages the discussion between appraisee and appraiser	.959	.484	.399	3.463	1.015
There is scope for discussion with superiors regarding the strengths and weaknesses of your work and conduct	.959	.427	.381	3.846	.844
5. Communication and performance criteria (4.585 percent of variance explained with 1.467 eigen value)	.763			3.904	.787
Sufficient information about PMS is communicated to all employees to enable to execute their responsibilities in the best interest of the department	.959	.669	.692	3.885	.763
Performance is measured against the factors previously agreed upon	.960	.622	.685	3.639	.840
Employees are clear about how their performance is to be measured	.959	.682	.624	3.974	.820
Formal communication processes are in place to ensure that employees understand the department's business plan	.959	.558	.499	4.118	.726
6. Training and development (3.993 percent of variance explained with 1.278 eigen value)	.633			4.001	.831
The result of PMS is linked with training and development	.960	.649	.715	3.932	.876
The training and development program conducted by this bank is helping you to improve your efficiency	.959	.582	.518	4.083	.796
Reward is one of the most important outcome of PMS at individual level	.960	.448	.459	3.990	.822
7. Feedback (3.807 percent of variance explained with 1.218 eigen value)	.680			3.840	.756

Factor Name and Statements	Reliability	Communalities	Factor Loading	Mean	SD
Effective feedback is an indispensable part of the bank's PMS	.960	.681	.739	3.878	.754
Your superior helps you to perform your duties well	.959	.706	.716	3.827	.793
Feedback is directed towards activities and resources the individual can control	.959	.652	.558	3.817	.721

The 32 items of the PMS components were subjected to principal component analysis (PCA) using SPSS version 20. Prior to performing PCA, the suitability of data for factor analysis was assessed. The Kaiser-Meyer-Oklin value was .86, exceeding the recommended value of .6 (Kaiser, 1970, 1974) and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance. Principal component analysis revealed the presence of seven components with eigen values exceeding 1 (ranging from 11.051 to 1.218), explaining 34.53 per cent, 5.7 per cent, 5.31 per cent, 4.95 per cent, 4.58 per cent, 3.99 per cent and 3.80 per cent of variance respectively.

Factor structure of Balanced Scorecard:

Table 3: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test (Balanced Scorecard)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.798
Bartlett's Test of Sphericity Approx. Chi-Square	884.708
Df	45
Sig.	.000

Table 4: Results of Principal Component Analysis (Balanced scorecard)

Factor Name and Statements	Reliability	Communalities	Factor Loading	Mean	SD
1. Strategic congruence (37.923 percent of variance explained with 3.792 eigen value)	**.810**			**4.083**	**.730**
Link has been established between business plan and financial plan of this bank	.959	.539	.710	4.054	.665
In this bank several initiatives have been taken for changes	.960	.719	.701	4.252	.667
This bank always maintain a balance between profit, growth and control	.960	.681	.694	4.338	.645
Initiatives have been taken for balancing short-term results against long-term capabilities and growth opportunities	.960	.701	.647	4.095	.677
This bank stress upon balancing Human Resource requirements	.960	.681	.637	3.888	.810
You are aware of the integration between bank's vision and your individual objectives	.960	.478	.624	4.178	.796
This bank gives equal weightage for performance expectations of different stakeholders	.960	.618	.623	3.942	.757
Enrichment of employee skills and knowledge has given due weightage in this bank	.960	.534	.595	3.923	.824

Principal component analysis was conducted on the 10 items related to balanced scorecard. The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO=.79, which is well above the acceptable limit. Similarly, for these data the Bartlett's test is highly significant ($p<.001$). An initial analysis was run to obtain eigen values for each component in the data. Three components which had eigen values over Kaiser's criterion of 1 (3.79, 1.24and1.07 respectively) in combination explained 61.07 per cent of the variance. But merely having an eigen value of more than one may not be sufficient for retaining the factor, since the number of items per factor is crucial. At least three items must be loaded significantly and need to be identified properly in order to develop a factor (Raubenheimer, 2004). The larger the number of items under each factor, the greater

is the likeliness that the factor will replicate (Little et.al., 1999; Velicer and Fava, 1998). Hence, for further analysis only one factor i.e., strategic congruence was retained under balanced scorecard.

Factor structure of PMS Effectiveness:

Table 5: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test (PMS effectiveness)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.915
Bartlett's Test of Sphericity Approx. Chi-Square	2197.483
Df	91
Sig. .	.000

Table 6: Results of Principal Component Analysis (PMS Effectiveness)

Factor Name and Statements	Reliability	Communalities	Factor Loading	Mean	SD
1. Employee centric developmental interventions (46.989 percent of variance explained with 6.578eigen value)	**.889**			**3.746**	**.758**
PMS creates a participative environment	.959	.681	.794	3.680	.796
PMS promotes talent management and succession planning	.959	.645	.766	3.811	.767
PMS facilitate high employee engagement	.959	.588	.755	3.686	.774
PMS stimulates employee career advancement	.959	.648	.751	3.830	.808
PMS provide ample scope for potential appraisal of performers	.959	.626	.748	3.760	.731
PMS promotes performance oriented culture	.959	.540	.680	3.805	.672
PMS contains a satisfactory appeal process	.959	.470	.638	3.655	.761
2. Implication of PMS outcome (10.724 percent of variance explained with 1.501 eigen value)	**.855**			**3.817**	**.761**
The information disclosed in performance reviews is used sensitively and productively by the bank	.959	.648	.779	3.817	.781
Outcomes of performance review are fed directly into other HR systems (e.g. reward, training and development)	.959	.610	.771	3.683	.823
PMS of this bank is very effective	.959	.621	.721	3.808	.747
PMS plays a crucial role in strengthening the HR strategy of this bank	.960	.471	.675	4.031	.706
PMS results in better customer service in this bank	.959	.558	.647	3.907	.716
Your leadership and interpersonal skills are developed due to the existing PMS	.959	.562	.588	3.760	.849
PMS gives appropriate weightage to all performance dimensions	.959	.410	.522	3.718	.705

Initially the factorability of the14 items was examined through KMO and Bartlett's test. The Kaiser-Meyer-Olkin measure of sampling adequacy was .9, above the commonly recommended value of .6, and Bartlett's test of sphericity was also significant. Further, the communalities were all above .3, further confirming that each item shared some common variance with other items. Given these overall indicators, factor analysis was deemed to be suitable with all 14 items. The result of principal component analysis derived two factors with eigen value of 6.57 and 1.5 respectively. Similarly, the percentage of variance was 46.98 per cent and 10.72 per cent respectively.

FINDINGS:

Principal Component Analysis (PCA) was used to derive the factor structure of Performance Management System components, Balanced Scorecard and Performance Management System effectiveness. The 32 items of the PMS components were subjected to principal component analysis (PCA) and the outcome of the analysis disclosed the presence of seven factors with eigen values exceeding 1. The eigen values ranging from 11.051 to 1.218 elucidated 34.53 percent, 5.7 percent, 5.31 percent, 4.95 percent, 4.58 percent, 3.99 percent and 3.8 percent of variance respectively. These seven factors explain a total of 62.89% variance. As in social science, when information is less precise it is common to consider a solution that accounts for 60 percent of the total variance (and in some instances even less) as satisfactory (Peterson, 2000).

The first factor under PMS component is Performance Review which comprises nine items with 34.535 percent age of variance and a mean value ranging from 3.798 to 3.511. The average mean score of 3.681 gives an indication of the importance of this factor. This factor emphasizes the significance of performance review in PMS. The next important eigen value (1.827) comes for the second-factor, Organizational support and career planning, which contains five statements, out of which the first three statements are most important. This factor stresses the importance of opportunities for career growth and development, apart from the value of fair and transparent promotion policy and dedication and loyalty in PMS. With respect to Performance-based bonus and incentives, the third factor under PMS component, the results indicates the positive opinion of employees on most items with an average mean score of 3.565 and eigen value of 1.701. The high factor loadings (.840 & .809) of the first two statements elucidate the importance of annual bonus and incentives in PMS. The fourth factor of PMS components namely Performance Appraisal combines five items and carries an eigen value of 1.585 and this factor explains the role of performance appraisal in PMS as it contributes to growth and development of the employees, and its influence on individual and team behavior. Communication and performance criteria is the fifth extracted factor under PMS component carrying an eigen value of 1.467, and this factor clubs four statements together. The first three items are the most important under this factor. Thus, we may conclude that PMS in both Public and Private Banks promotes proper communication and consider predetermined performance factors for performance assessment. The next important factor in the list is Training and development with three items under it depicts the relationship between PMS and training. Further, it also explains how training contributes to strengthening the efficiency of the employees. The last extracted factor under PMS component is Feedback which combines three statements together with an average mean score of 3.840 and this factor emphasizes the role of effective feedback in PMS.

The results of PCA under Balanced Scorecard disclosed the presence of one factor namely; strategic congruence with 37.92% of the variance. Strategic congruence combines eight statements. As the strategic focus is one of the important purposes of PMS, and the balanced scorecard is one of the crucial organizational performance management tools, this factor is crucial for proper understanding of PMS. A better understanding of the organizational vision, strategies, goals, and plans would foster the holistic development of organization by guiding employees in contributing to the organizational success.

Under the last section of the questionnaire which contains the statements related to PMS effectiveness, the results of the PCA for 14 statements discover the presence of two factors namely; employee-centric developmental interventions and implication of PMS outcome. With 46.98% of the variance and 6.578 eigen value, the first factor (employee-centric developmental interventions) accommodate seven statements. This factor explains the initiatives related to employee development with the goal of organizational betterment. It means that an effective PMS promotes a participative environment, talent management, employee engagement, potential appraisal for performers, and career management. The implication of PMS outcome is the second important factor in PMS effectiveness with 10.72% of the variance and 1.501 eigen value. In order to ensure that PMS is effective, the banks need to take utmost care of the information derived from performance review by executing it into other HR sub-systems like training and reward. Apart from this, if because of PMS, banks are able to offer better customer service, then we can say that PMS is effective.

CONCLUSION:

The current business trends both in global and domestic market demands for a holistic focus on performance. Here the role of PMS- a multifaceted and joint process that interlink individual and organizational performance together is paramount. The factors that were explored from the current research can assist the banks in strengthening their PMS. PMS research covering balanced scorecard as a strategic PMS tool in the banking sector has been neglected specially in Indian context. A methodical approach towards balanced scorecard in

banking sector is crucial as it offers the input for systematic formulation and implementation of PMS. Thus, integrating PMS factors along with BSC factors can ensure the effectiveness of PMS in banking sector. The relationship among the factors related to the constructs under study will be further analyzed by using multiple regression analysis.

REFERENCES:

A. Fields (2000). *Discovering statistics using spss for windows*, London: Sage Publications

Anand, Manoj., Sahay, B S., and Saha, Subhashish. (2005). Balanced scorecard in Indian companies, *Vikalpa*, Vol. 30, 2.

Armstrong, M and Baron, A. (1998). *Performance Management: The new realities.* London: Institute of Personnel and Development.

Armstrong, M., and Baron, A. (2005). *Managing performance: performance management in action.* London: CIPD Publishing.

Bae, Eul-Kyoo (2006). Major Elements and Issues in Performance Management System: A Literature Review. Retrieved October 21, 2016, from http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1015.6392&rep=rep1&type=pdf .

Bartlett, M.S. (1954). A note on the multiplying factors for various chi square approximations. *Journal of the Royal Statistical Society*. 16 (Series B), 296-298.

Bernardin, H. J., Hagan, C. M., Kane, J. S., and Villanova, P. (1998). Effective performance management: A focus on precision, customers, and situational constraints. In J. W. Smither (Ed.), *Performance appraisal: State of the art in practice* (3-48), CA San Francisco: Jossey-Bass Inc. Publishers.

Compton, R. (2005). Performance Management: Panacea or Corporate Outcast? *Research and Practice in Human Resource Management*, Vol.13, 1, 46-54.

Daniels Aurbey. (2000). What is performance management?. Retrieved July 25, 2017 from http://aubreydaniels.com/pmezine/sites/aubreydaniels.com.pmezine/files/What-is-Performance-Management.pdf .

Darren George and M. Mallery (2003). *Using SPSS for windows step by step: a simple guide and reference*. Boston:MA.

DeNisi, A. and Pritchard, R. (2006). Performance appraisal, performance management, and improving individual performance: A motivational framework. *Management and Organization Revi,* Vol. 2, 2, 253-277.

DeNisi, A.S. (2000). Performance Appraisal and Performance Management: A Multilevel Analysis. In Klein, K.J. & Kozlowski, S.W.J. (Eds). *Multilevel Theory, Research and Methods in Organizations: Foundations, Extensions and New Directions*, CA San Francisco: JosseyBass.

Dewettinck, K. (2008). Employee performance management systems in Belgian organizations: Purpose, contextual dependence and effectiveness. *European Journal International Management*, Vol. 2, 192-207.

Falcone, P. (2007). Big-picture performance appraisal. *Society for Human Resource Management. HR Magazine*, USA: Virginia.

Fleming, D.M., Chow, C.W., and Chen, G. (2009). Strategy, performance measurement systems, and performance: A study of Chinese firms. *International Journal of Accounting*. Vol. 44, 3, 256-278.

Fryer, K., Antony, J., and Ogden, S. (2009). Performance management in the public sector. *International Journal of Public Sector Management.* Vol. 22, 6, 478-498. http://dx.doi.org/10.1108/09513550910982850

Glennding, P., (2002). Performance management: Pariah or messiah. *Public Personnel Management,* Vol. 31, 161-178.

Gruman, J.A., and Saks, A.M. (2011). Performance management and employee engagement. *Human Resource Management Review*. Vol. 21, 2, 123-136. http://dx.doi.org/10.1016/j.hrmr.2010.09.004

Gupta, V. and Kumar, S. (2013). Impact of performance appraisal justice on employee engagement: a study of Indian professionals. *Employee Relations*, Vol. 35, 1, 61-78.

Haines, V.Y., III, and St-Onge, S. (2012). Performance management effectiveness: Practices or context?. *The International Journal of Human Resource Management*. Vol. 23, 6, 1158–1175. http://dx.doi.org/10.1080/09585192.2011.561230.

Jantjes, Anthea (2008). An analysis of organizational performance management in the city of Cape town: From legislation to implementation, Master's thesis, University of Stellenbosch.

Joseph F. Hair, Wiiliam C. Black, Barry J. Babin, Rolph E. Anderson, and Ronald L. Tatham (2010). *Multivariate data analysis*. New Jersey: Prentice Hall, Englewood Cliffs.

Joseph F. Hair, Wiiliam C. Black, Barry J. Babin, Rolph E. Anderson, and Ronald L. Tatham (2010). *Multivariate Data Analysis*. New Jersey: Prentice Hall, Englewood Cliffs.

Kaiser, H. (1970). A second generation Little Jiffy. *Psychometrika*. Vol. 35, 401- 415.

Kaiser, H. (1974). An index of factorial simplicity. *Psychometrika*. Vol. 39, 31-36.

Kaplan, R.S. and Norton, D.P. (1996). *Translating Strategy into Action – The Balanced Scorecard*. Harvard Business School Press, M.A Boston.

Kaplan, R.S. and Norton, D.P. (2004). *Strategy Maps: Converting Intangible Assets into Tangible Outcomes*. M.A Boston: Harvard Business School Press.

Kaplan, R.S. and Norton, D.P. (2006). Alignment: Using the Balanced Scorecard to create corporate synergies. Boston: Harvard Business School Press.

Kaplan, R.S. and Norton, D.P. (2008). Mastering the management system*, Harvard Business Review.* Vol. 86, 1, 63-77.

Krause, O. (2003). Beyond BSC: a process based approach to performance management. *Measuring Business Excellence.* Vol. 7, 3, 4-14.

Kuvaas, B. (2006). Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation. *International Journal of Human Resource Management*, Vol. 17, 3, 504-522.

Lebas, M.J. (1995). Performance measurement and performance management. *International Journal of Production Economics*. Vol. 4, 1, 23-35.

Little, T. D., Lindenberger, U. and Nesselroade, J. R. (1999). On selecting indicators for multivariate measurement and modeling with latent variables: When "good" indicators are bad and "bad" indicators are good. *Psychological Methods*, Vol.4, 2, 192-211.

Makhubela, CM (2014). Employees' perception of the effectiveness of the performance management system and performance appraisal fairness at the National Security Agency, Master's Dissertation: North West University, South Africa.

Makhubela, M., Botha, P.A., and Swanepoel, S. (2016). Employees' perceptions of the effectiveness and fairness of performance management in a South African public sector institution. *SA Journal of Human Resource Management*, Vol. 14, 1. Retrieved October 21, 2017 from http://www.sajhrm.co.za/index.php/sajhrm/article/view/728/html.

Malhotra, Naresh K (2007). *Marketing research: An applied orientation*, Upper Saddle River, NJ: Pearson/Prentice Hall.

Mansor, Abu N.N., Chakraborty, A.R., Yin, T.K., and Mahitapoglu, Z. (2011). Determinants of Performance Management System in South East Asia. *Inter- Disciplinary Journal of Contemporary Research in Business*, Vol. 3, 2.

Mansor, Nur Naha Abu; Chakraborty, A.K; Yin; and Mahitapoglu (2012). Organizational Factors Influencing Performance Management System in Higher Educational Institution of South East Asia. *Procedia - Social and Behavioral Sciences,* Vol. 40, 584 – 590. Retrieved April 11, 2018 from https://www.sciencedirect.com/science/article/pii/S187704281200701X.

Muhammad, Fareed Hafiz. (2012). An empirical research on performance management system (PMS) and job performance of employees: The case study of management workers of Meezan Bank Lahore (Pakistan). Retrieved August 12, 2014 from http://etd.uum.edu.my/3017/.

Muhammad, S. (2013). Key factors in performance management: Employee point of view. Degree Programme in Supply Chain Management (B-Eng), Retrieved February 21, 2017 http://www.theseus.fi/bitstream/handle/10024/ 71091/KEY+FACTORS+IN+PERFORMANCE+MANAGEMENT.pdf;jsess ionid=B9AC3B4FD33581805D83AB228409DE19?sequence=1.

Ozturk, Elif., and Coskun, Ali. (2014). A Strategic Approach to Performance Management in Banks: The Balanced Scorecard. *Accounting and Finance Research*, Vol. 3, 3, Sciedu Press.

Peterson, R. A. (2000). A meta-analysis of variance accounted for and factor loadings in exploratory factor analysis. *Marketing Letters*, Vol.11, 3, 261-275.

Radebe, Patrick Qena. (2013). The impact of performance management system on service delivery in the city of Johannesburg metropolitan municipality. (Doctoral Thesis: North-West University).

Raubenheimer, J (2004). An item selection procedure to maximize scale reliability and validity. *SA Journal of Industrial Psychology*, Vol. 30, 4,.59-64. Retrieved November 11, 2017 from http://citeseerx.ist.psu.edu/ viewdoc/download?doi=10.1.1.462.3826&rep=rep1&type=pdf.

Roberts, G.E. (2003). Employee Performance Appraisal System Participation: A Technique that Works. *Public*

Personnel Management, Vol. 32, 89–98.

Selden, S., and Sowa, J.E. (2011). Performance management and appraisal in human service organizations: Management and staff perspectives. *Public Personnel Management,* Vol. 40, 3, 251–264. http://dx.doi.org/ 10.1177/009102601104000305

Simmons, J. (2008). Employee significance within stakeholder-accountable performance management systems. *The TQM Journal*, Vol. 20, 5, 463-475.

Srimai, Suwit., Wright, Chris S., and Radford, Jack. (2013). A speculation of the presence of overlap and niches in organizational performance management systems. *International Journal of Productivity and Performance Management,* Vol. 62, 4, 364-386.

Strebler, Robinson and Bevan (2001). *Performance review*: *Balancing objectives and content*. London: Institute of Employment Studies,.

Thomas, M.M and William, M.S. (2005). Performance measurement: Enabling smarter business. *Financial Executive*, Vol. 2, 7, 60

Truss, C., Gratton, L., Hope-Hailey, V., McGovern, P., and Stiles, P. (1997). Soft and hard models of human resource management: A reappraisal. *Journal of Management Studies*. Vol. 34, 53-73

Velicer, W. F. and Fava, J. L. (1998). Effects of variable and subject sampling on factor pattern recovery. *Psychological Methods*. Vol. 3, 2, 231-251.

Yansheng Zhang and Longyi Li (2009). Study on Balanced Scorecard of Commercial Bank in Performance Management System. International Symposium on Web Information Systems and Application. Retrieve May 11, 2017 from http://citeseerx.ist.psu.edu/viewdoc/download;jsessionid=AECE170D6366CCA32980BFE2538F9AF2?doi=10.1.1.403.2716&rep=rep1&type=pdf.
