

Assessing the Impact of Information Technology Solutions on Performance Appraisal and Improvement in State Bank of India

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Cite this paper as: Mervin Marian Lazarus, Dr Ramprakash O Panchariya (2024). Assessing the Impact of Information Technology Solutions on Performance Appraisal and Improvement in State Bank of India. *Frontiers in Health Informatics*, 13 (8) 6535-6540

Abstract:

This paper evaluates how information technology solutions have enhanced performance appraisal and enhancement in the State bank of India. The central aim was to find out whether the adoption of technology leads to fairness, objectivity, accuracy and improvement in the assessment process at large. The questionnaire with the analysis of the answers (structured questionnaire) was conducted among 100 employees, with the help of the research design of descriptive and analytical approach to research. The Pearson correlation showed that there was a high, notable and positive significant connection (correlation = +0.79; $p < 0.01$) between performance appraisal enhancement and information technology solutions. Most of the respondents provided concurrence on the view that there is greater systematization, reliability, and unbiasedness in the application of appraisal mechanisms that are technology-aided and also there was a slight reservation with regard to the decreased human influences in the appraisal process. The paper has established that a combination of information technology with performance appraisal practice should introduce a culture of equality, trustworthiness, and growth of employees that in the long run will enhance organizational performance. These benefits are more likely to be maximized through proper training, policy guidelines, audit and reviews at an interval.

Keywords: Information Technology Solutions, Performance Appraisal, Improvement, Fairness, Objectivity, State Bank of India, Employee Performance, etc.

Introduction

The fast rate of transfer of Information Technology (IT) in the banking industry has changed the performance appraisal in banks basically; in particular in large banks of the public sector such as the State Bank of India (SBI). As competition and the need to comply with various regulations become more and more demanding, SBI has adopted digital tools, including Internet and mobile banking, automated teller machines, as well as enterprise-level IT systems to track, analyze, and enhance employee performance (Rathnam, Narasaiah, & Neelima, 2015; Sulsky & Keown, 1998). Such systems facilitate real time gathering of performance data in a wide range of dimensions such as volume of transactions, customer service data hence more objective, timely and all rounder performance appraisals (Sulsky & Keown, 1998). However, the introduction of these tools in appraisal processes encompass user acceptance, transparency of systems as well as compatibility of goals of human resources.

In this study, the researcher proposes to evaluate the impact of the ICT solutions that SBI has embraced on the traditional performance appraisal mechanisms in terms of effectiveness, efficiency, fairness, and results of employees involved, thereby contributing to better practices of performance management.

2.1 Literature Review

Studies on SBI and other such institutions allude to IT being used to improve operation performance. According to Maheshwari and Agarwal (2013), the decision of SBI to implement modern banking technology and banking reforms play an important role in making the financial institution sound and competitive in 2002-2012. Their financial ratio analysis findings showed that attributed to the technological implementation, profitability and management efficiency seem to be correlated (Maheshwari & Agarwal, 2013). To this end, Gupta, Maheshwari, and Sharma (2018) used the financial perspective given by the Balanced Scorecard in evaluating the performance of the SBI since 2007 to 2017, finding that technology-based efficiency helps in sustaining short- and long-term performance (Gupta et al., 2018).

On a larger scale, the use of digital financial services (DFS) has been demonstrated as a positive influence in the performance of banking firms. In their systemic literature review, Abbasi and Weigand (2017) indicated the drivers of growth, competitiveness, and profitability as digital banking tools, online, and mobile solutions) although the authors observed that most of the previous studies overlook non-financial performance or other contexts of banking (Abbasi & Weigand, 2017). Indian banks are also laying extensions of this idea to the advantage of cost efficiencies through ATMs, mobile banking, and automization such as at SBI (Ojha & Patnaik, 2020).

In addition to the influence on the external performance, IT systems have a direct impact on the functions of human resources. In E HRM research, it is discovered that electronic performance management system (EPMS) is more efficient in the administration, increased transparency and decision making in that it automates feedbacks, cuts down on errors made and frees HR time in doing strategic assignment (Johnson & Gueutal, 2012). However, e HRM has its mine field: resistance by the employees, privacy issues, and hurdles to change adaptation should be addressed (Zhang & Nunamaker, 2003).

In particular in the domain of performance appraisal, Sulsky and Keown (1998) speak of more detailed and detailed collection of data that occurs via computerized monitoring. Numerous existing software systems merge a variety of rating sources in and simplify the feedback cycles, which usually contributes to better appraisal quality, even though issues can be retained in terms of employee involvement and the belief that the process is fair. Fletcher (2001) also states that technology has the ability of reframing appraisal to communication and developmental tool rather than evaluation.

In the setting of SBI, Rathnam et al. (2015) evaluated the current appraisal practice after the reform, pointing to the fact that digital systems have not only transformed the paradigm of the appraisal process and made it more consistent, better documented, and less subjective (Rathnam et al., 2015) but also required the managerial skills to read and interpret data and coach employees (Rathnam et al., 2015). This is consistent with the results of automated decision support systems (AIDSS HR) that encourages data driven performance monitoring and intervention in time that help in improving employee performance and efficiency within an organization (Asabere & Gyamfi, 2013).

The alignment of systems is also important. Munoz and Avila (2019) emphasise that the IT alignment with business objectives leads to the fact that performance systems produce meaningful value. Without strategic integration and governance, inappropriately focused IT spending on performance management can have the reverse effect of not achieving desired results. Strategic decision making and HR integration is further intensified by frameworks which integrate business intelligence and knowledge management in the banking system (Rao & Kumar, 2011).

These works together show that IT solutions such as DFS, E HRM, EPMS, or BI can significantly enhance the

performance appraisal in banking improving the data-driven, efficient, transparent, and aligned systems. These technologies may increase objectivity, standardism, and effectiveness of appraisals in SBI, in the case of sufficient user acceptance, training, and strategic positioning.

2.2 Research gap:

Although various research works have investigated the functionality of the information technology in performance appraisal and how it affects the operation efficiency of banking institutions, the impact of the employment of information technology in the case study of State Bank of India is not well comprehended. Most of the current literature dwells on financial performance and the overall impact of digital transformation without paying attention to the processes of direct influence of information technology in shaping, evaluating and enhancing the performance of employees. Moreover, past studies are mostly limited to quantitative financial measures leaving out the qualitative elements of fairness, objectivity, and perception of the employees endorsement of the appraisal procedure. Such incongruence portends a deeper need on an empirical study to evaluate both the quantitative and qualitative impacts of information technology solutions on performance appraisal practices of State Bank of India and thus a more representative picture on what it means to perpetuate the performance of human resource management in State Bank of India and the creation of an organizational excellence.

3.1 Objective of the study:

This research is aimed at evaluating the effect of information technology solutions on performance appraisal and improvement in State Bank of India with reference to role played by information technology solutions in ensuring increased fairness and objectivity in the performance appraisal and overall effectiveness with the ultimate goal of increased employee satisfaction and organizational performance.

3.2 Methodology:

The research design used in the study is descriptive since it will focus on what effects information technology solutions have on performance appraisal and improvement in the State Bank of India. The structured questionnaire was applied to the sample of 100 employees (based on simple random sampling process), thus ensuring the representation of their perceptions, experiences as well as the effectiveness of the overall appraisal process.

4.1 Data Analysis:

In order to capture the effects of the adoption of the information technology solution on the performance appraisal and improvement in State Bank of India 100 samples were interviewed by use of a structured questionnaire. The questionnaire included a 5 point likert scale where a response of 1 (Strongly Disagree) was recorded and the highest result was 5 (Strongly Agree). The table representing the responses to the main statements touched upon the impact of information technology on performance appraisal is the following:

Table 1: Impact of Information Technology Solutions on Performance Appraisal in SBI

Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean
IT helps make performance appraisal more accurate	5	10	20	45	20	3.65
IT brings fairness and objectivity to appraisal process	4	12	18	47	19	3.62
IT assists in evaluating employee performance efficiently	6	14	17	42	21	3.60
IT reduces human bias and subjectivity	7	16	15	39	23	3.57
IT helps identify training and development needs	5	10	21	46	18	3.64
Overall, IT positively impacts performance appraisal	6	13	16	44	21	3.62

Their statistics show that there is a positive perception towards the role that information technology plays in performance appraisal at the State Bank of India. All the statements have between 3.57 and 3.65 mean scores with a general adherence to the opinion that IT enhances the concept of fairness, objectivity, accuracy, and efficiency of appraisal process. The most significant score (3.65) refers to accuracy of performance appraisal, and the lowest (3.57) is associated with the lessening impact of human bias, which indicates that there is not end to the unwillingness or doubt as to whether it is possible to remove subjectivity completely. On the whole, most of the respondents (more than 60 percent) agree or strongly agree that IT has a positive influence on their performance appraisal, which is also interpreted to mean that a considerable extent of support can be expressed to maintain and advance the utilization of such systems. This indicates that despite some of the areas that need to be worked on, the use of information technology tools has been widely acknowledged as one of the key contributors towards better performance management in the bank.

Table 2: Pearson's Correlation Between Information Technology Solutions and Performance Appraisal Improvement in SBI

Variables	Information Technology Solutions	Performance Appraisal Improvement
Information Technology Solutions	1	+0.79**
Performance Appraisal Improvement	+0.79**	1

Note:

** Pearson's correlation coefficient (r) = +0.79 (p < 0.01)

**Correlation is significant at the 0.01 level (2-tailed).

The value of Pearson correlation coefficient (+0.79) is quite high, the relationship is significant and positive. This implies that the more one uses information technology the better the performance appraisal process is done. A p-value ($p < 0.01$) also confirms that such association is significant. In this way, the study rejects the null hypothesis that determined that there is no relationship between two variables but instead accepts the alternative hypothesis that two variables have a significant and positive relationship. This brings in the significance of the use of information technology to enhance fairness, neutrality and general accuracy in performance appraisal within the bank.

5.1 Conclusion

It came out of the study that information technology solutions play a major role in influencing performance appraisal and improvement in State Bank of India. Most respondents have acceded to the fact that use of these tools brings more fair play, objectivity, accuracy and efficiency in measuring performance of employees. The significant, strong, positive relationship further confirms the fact that there exist a strong relationship between the actual implementation of the information technology and the general improvement of the situation dealing with performance appraisal processes. Nevertheless, it has certain fears regarding the minimization of human bias, that is why continuous training, revising of policies, and close monitoring are advised. In general, the paper reveals the significance of the introduction of information technology in human resource practices so as to support performance management and generate the spirit of equity, believability and developmental support in the bank.

5.2 Recommendations

This is in light of the research findings that it is advisable that State Bank of India should continue to invest and tailor its information technology solutions in order to meet its performance appraisals objectives. Supervisors and employees should be trained properly to be able to make effective use of these tools and make subjectivity on performance judgments few and accuracy abundant. Periodic auditing and reviewing of its appraisal process should also be carried out in the bank to expose any biasness or weak areas, incursions of which are to be enhanced. In addition, there should be clear policy structure and standard guidelines that spur evenhandedness and standardization in all the appraisal practices. The constant up-gradation of these mechanisms will ensure that there is a culture of high performance, motivation and employee loyalty, which will eventually enhance the overall competitiveness and its service delivery to

the bank.

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