Chapter – II
Objectives of the Study, Methodology and Review of Literature
In this chapter, an attempt is made to explain the need, objectives, methodology of the study, review of literature, research gap and conclusion has been addressed as a part of the process of the research. The need of the study emphasizes on the various hidden issues which influence employee performance in any organisations. The entire research has done so far on 'performance management systems' is unable to provide an errorless model and determine an individual performance perfectly. Further, the objectives of this study determine its relevance to the research topic that enables to find out bottlenecks in performance management. Next, the methodology of the study refers to the relevance of primary data and secondary data that have been collected to analyse the performance management in the current corporate scenario. The review of literature refers various dimensions of the research topic that have been explored by various scholars in this aspect across the world. Finally, the research gap provides information on where the appraisal instruments have been unable to fulfill while implementing various instruments of performance evaluation.

2.1 Statement of the problem:

In any organisation, the main aim of the employee performance evaluation is to achieve, motivate employees in order to attain organisational goals and objectives. But, in most of the organisations, it is considered as a main tool by the top management to provide salary fixation, compensation, benefits, promotions and transfers of their employees. Therefore, it is important to have a proper employee performance management system which is objective oriented, broad, where the employee is informed in advance about the factors/criteria on which their performance will be evaluated with minimum bias. In addition, it is identified that the strategic, general and operational factors would influence the employee to get good appraisal in the job. Therefore, it is considered that the significance and impact of strategic, general and operational factors should analyse and assess the employee in between appraisal time periods.
2.2 Need of the study:

The present study is chosen for its relevance, as it reflects the various hidden issues pertaining to employee performance and its impact. There are many problems relating to employee performance, like no proper genuine framework to evaluate and measure the employees in software enterprises. BSNL, being public sector organisation its performance evaluation is entirely regulated by the government rules which are prescribed. Adoption of any particular performance appraisal system is subject to the government norms. Therefore, it is very difficult for the public sector organisations to adopt advanced tools to implement and evaluate the employees. Further, at BSNL, performance appraisal is called as Annual Confidential Report (ACR) that consists of personal data, duties and responsibilities of employees. The appraisal process puts much emphasis on constitutional fulfillment by the Grade-B officers (i.e., junior telecom officers). The integrity of the officers is checked to see if there are any political reasons towards their employees. Hence, it is understood very clearly that there is a typical role for the junior telecom officers like, working based on government guidelines while performing job responsibilities in lieu with their subordinates. On the other side, the software organisations by nature consist of its high velocity, where the employees are continuously expected to show high quality of performance. Being in the stiff competition, the software organisations need to satisfy their customers with their continuously evolving strategies in the market. On account of these problems, there is a negative part with job progression of many competent and skilled employees.

2.3 Objectives of the study:

Against this backdrop, the main objective of the study is to identify the possible areas to improve the current performance evaluation system in the light of changing scenario of the business environment. There is an increasing paradigm shift in evaluation and retention of the employees, to achieve objectives of the organisations.
Therefore, the main focus of the study is to examine the present employee performance management system of the selected TCS and BSNL, which are private and public sector organisations respectively, to find out the deficiencies if any, and suggest the suitable measures for the employee appraisal system.

More specifically, the following are the objectives of the study:

(i) To study the human resource management systems of public and private organisations to find out the existing performance management systems in general and with reference to the selected organisations in particular.

(ii) To elicit the opinions and perceptions of the employees on the current performance evaluation system in the selected organisations.

(iii) To examine the relationship between employee performance and strategic, general and operating dimensions in the selected organisations.

(iv) To analyze T.V. Rao and Uday Pareek critical attribute analysis of performance management in the selected organisations.

(v) To suggest measures for the effective working of the performance evaluation system for the well being of the employees as well as the organisations.

2.4 Hypotheses:

2.4.1 The employee performance - strategical factors:

The first strategic factor - mission:

Hypothesis (H₀): The mission of the organisation would not influence employee performance.

Alternative hypothesis (H₁): The mission of the organisation would influence employee performance.

The second strategic factor - vision:

Hypothesis (H₀): employee performance would not influence by vision of the organisation.

Alternative hypothesis (H₁): employee performance would be influenced by vision of the organisation.
The third strategical factor - goals and objectives:
Hypothesis (H₀): The goals and objectives of the organisation would not influence the employee performance.
Alternative hypothesis (H₁): The goals and objectives of the organisation would influence the employee performance.

The fourth strategical factor - leadership styles:
Hypothesis (H₀): The leadership styles of the organisation would not influence employee performance.
Alternative Hypothesis (H₁): The leadership styles of the organisation would influence employee performance.

The fifth strategical factor - Organisation culture:
Hypothesis (H₀): The organisation culture would not influence employee performance.
Alternative hypothesis (H₁): The organisation culture would influence employee performance.

The sixth strategical factor - Innovation practices
Hypothesis (H₀): The innovation practices of the organisation would not influence employee performance.
Alternative hypothesis (H₁): The innovation practices of the organisation would influence employee performance.

The seventh strategical factor - communication system
Hypothesis (H₀): The communication system of the organisation would not influence employee performance.
Alternative hypothesis (H₁): The communication systems of the organisation would influence employee performance.

The eighth strategical factor - planning process
Hypothesis (H₀): The planning process of the organisation would not influence employee performance.
Alternative hypothesis (H₁): The planning process of the organisation would influence employee performance.
The ninth strategical factor - strategic direction and intent:

Hypothesis (Ho): The strategical direction and intent of the organisation would not influence employee performance.

Alternative hypothesis (H₁): The strategical direction and intent of the organisation would influence employee performance.

2.4.2: The employee performance - general factors:

The first general dimension: on-the-job-training (OJT):

Hypothesis (Ho): On-the-job-training would not influence employee performance.


The second general factor - competencies:

Hypothesis (Ho): The competencies of the employees would not influence employee performance.

Alternative hypothesis (H₁): The competencies of the employees would influence employee performance.

The third general factor - training methodologies

Hypothesis (Ho): The training methodologies of employees would not influence the employee performance.

Alternative hypothesis (H₁): The training and development of employees would influence the employee performance.

The fourth general factor - Influencing factors

Hypothesis (Ho): Influencing factors would not influence employee performance.

Alternative hypothesis (H₁): Influencing factors would influence employee performance.

2.4.3. The employee performance - operational factors:

The operational factor - Development of systems:

Hypothesis (Ho): The systems development would not influence employee performance.

Alternative hypothesis (H₁): The systems development would influence employee performance.

The second operational factor - Problem solving:

Hypothesis (Ho): Problem solving would not influence employee performance.

Alternative hypothesis (H₁): Problem solving would not influence employee performance.
The third operational factor - *Growth*:

Hypothesis (H₀): The employee growth would not influence employee performance.
Alternative hypothesis (H₁): The employee growth would influence employee performance.

The fourth operational factor - *Open-communication*:

Hypothesis (H₀): The open-communication would not influence employee performance.
Alternative hypothesis (H₁): The open-communication would influence employee performance.

The fifth operational factor - *Acquisition of knowledge*:

Hypothesis (H₀): The acquisition of knowledge would not influence employee performance.
Alternative Hypothesis (H₁): The acquisition of knowledge would influence employee performance.

The sixth operational factor - *Trust*:

Hypothesis (H₀): The concept of trust would not influence employee performance.
Alternative hypothesis (H₁): The concept of trust would influence employee performance.

The seventh operational factor - *Employee empowerment*:

Hypothesis (H₀): The employee empowerment would not influence employee performance.
Alternative hypothesis (H₁): The employee empowerment would influence employee performance.

The eighth operational factor - *Team orientation*:

Hypothesis (H₀): The team orientation would not influence employee performance.
Alternative hypothesis (H₁): The team orientation would influence employee performance.

The ninth operational factor - *Capability development*:

Hypothesis (H₀): The capability development of employees would not influence employee performance.
Alternative hypothesis (H₁): The capability development of employees would influence employee performance.

**2.5. Scope of the study:**

This particular research study has been taken up with TCS which is a private sector organisation and the BSNL as a public sector organisation. The study is confined to the software
engineers in TCS at Bangalore and junior telecom officers of the BSNL, who are working at Hyderabad and Secunderabad in the state of Andhra Pradesh. Further, an in-depth analysis of the strategical, general, operating factors and critical attribution analysis of current performance systems of both organisations are central point of the present study.

The research work also focuses its attention on the process of human resource management systems of both the organisations to learn about the presence of current performance management systems prevalent in both public and private sector organisations. Though, it is a microscopic study, the conclusions are expected to be relevant to all organisations working in similar environment.

2.6. Period of the study:

This research work is an attempt to review the performance management systems of both public and private sector organisations that have taken place in the era of new competition of Indian industry. Therefore, the period thus covered for the purpose of the study is 2005-06 to 2010-11.

2.7. Sources of Data:

2.7.1. Primary data: Primary data has been collected from software professionals of TCS and junior telecom officers of BSNL by administering a structured questionnaire designed to fulfill the objectives and to test the hypotheses that are framed. The annexure is divided into four sections: the first section is to elicit the information related to demographical factors and 'strategical factors' of organisations. The second section elicits responses to assess the impact of 'general factors' of organisations. The third section aims to explicate the respondents' views on 'operating factors' in performing their job activities. The fourth section is based on T.V. Rao and Uday Pareek tool to measure critical Attribution analysis to elicit the opinion for improvement of the appraisal of both organisations on the basis of the factors.
2.7.2. **Secondary data:** Information has gathered from both organisations on their tools of performance evaluations. At TCS, the performance evaluation tool is called as Goal sheet and Attribute sheet. The Goal sheet consists of different perspectives or objectives viz., financial, customer, learning and growth and internal processes that represents the goals heads as revenue, satisfaction, capability development and process management respectively. This tool is also allowing for rating the self-assessment and appraiser's remarks. The differences of rate and rater will be evaluated on the basis of goal measure, target, unit, weightage and difficulty. The opinion of the respondents at TCS and BSNL elicited on strategical, general and operational factors for its reliability and consistency.

The attributes of the software engineers and Junior Telecom Officers are also measured with the following factors: the tool consists of ten attributes viz., knowledge / technical expertise required for the job, result orientation, initiative / personal drive, communication, team skills, customer satisfaction, quality consciousness, developing people, contribution to organisation building. These attributes are also measured with attribution description, weighted score, self-assessment and appraiser remarks. Finally the values are summed for decision-making.

Further, various journals, reports and magazines referred to elicit contemporary information on the performance appraisals. Besides, the researcher has also referred to various websites that have dealt with various research studies and empirical investigations. Though there is limited literature available on the employee performance appraisal, the secondary research was beneficial in the topic selection and for acquiring the necessary inputs to carry out a thorough primary research.

2.8. **Selection of the organisations:**

TCS is a world largest private sector organisation, which has worldwide presence in its operations working for information technology projects. For the purpose of the study, the software professionals are chosen from only Bangalore offices by following random sampling
technique because of cost and time constraints. BSNL is a world largest public sector organisation under Government of India consists of different levels of employees. The grade-B officers, i.e., Junior Telecom Officers (JTOs), who are technical professionals and work real time along with their subordinates, have been chosen for the study. The study has been undertaken to evaluate the present system and to probe into and identify and remove the bottlenecks in the performance evaluation system and to develop a fair performance evaluation system in the chosen private and public sector organisations.

2.8.1. Selection of the respondents:

The Tata Consultancy Services has employed nearly 5000 software professionals across Bangalore city at various stations. A total of 145 software professionals, with 1 to 6 years experience have responded to the questionnaire at TCS, Bangalore. The TCS as a private sector organisation has got sufficient number of employees to respond to the questionnaire and it is convenient to collect the information and opinions by the researcher. The Bharath Sanchar Nigam Limited, Andhra Pradesh, consists of around 4500 Junior Telecom Officers (JTOs) across the state. A total 145 junior telecom officers with 1 to 6 years experience who are working at Hyderabad and Secunderabad has been taken as a sample for the research. The questionnaire has been sent through proper channel to collect the information and the researcher personally wants to some stations to elicit information and to find out the opinions.

The study is mainly based on primary data. The primary data is collected in three phases. In the first phase, which is also called pilot study, the purpose and objectives of the annexure are explained and the respondents are requested to go through the annexure thoroughly to ascertain the sample size and to see there are no difficulties, while filling the 'annexure' in both organisations. In the second phase, doubts of the respondents about the contents of the annexure, if any, are clarified. In the third phase the annexure is collected from the respondents and by holding further discussions to elicit additional information.
The present study confined to software engineers who are under three hierarchical levels viz., software analyst and senior software engineer and team leader at TCS. The Junior Telecom Officers (JTOs) are categorized under three grades viz, Grade-III, Grade-II and Grade-I, at BSNL. The ‘experience’ of the respondents has taken belonging to the professionals in TCS and BSNL considered for the study.

The following table gives a picture of the sample size calculations.

2.8.2. Sample size determination for TCS:-

<table>
<thead>
<tr>
<th>Experience in years</th>
<th>No. of Employees (X)</th>
<th>(X^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13</td>
<td>169</td>
</tr>
<tr>
<td>2</td>
<td>17</td>
<td>289</td>
</tr>
<tr>
<td>3</td>
<td>18</td>
<td>324</td>
</tr>
<tr>
<td>4</td>
<td>23</td>
<td>529</td>
</tr>
<tr>
<td>5</td>
<td>15</td>
<td>225</td>
</tr>
<tr>
<td>6</td>
<td>18</td>
<td>324</td>
</tr>
</tbody>
</table>

\[ \Sigma X = 104 \]
\[ \Sigma X^2 = 1860 \]

Mean: 17.35
Variance: 9.35

(Source: compiled from collected data)

Variance of Number of employees: The primary and secondary data are gathered for the purpose of research and a series of statistical tools, such as chi-square and weighted scores have been used and Sample distribution can be calculated using \( \sigma = \sqrt{\frac{\Sigma X^2}{n}} - \left(\frac{\Sigma X}{n}\right)^2 \).

Sample size ‘N’ is calculated using \( N = \frac{z^2 * \sigma^2}{(\text{Standard Error})^2} \).

At 95% confidence level the value of \( Z = 1.96 \)

Standard Error is assumed to be 0.5

Hence, sample size from the formula is 145.
A total of 145 respondents were surveyed and a simple random technique, a probability sampling method was employed.

2.8.3. Sample size determination for BSNL:

<table>
<thead>
<tr>
<th>Experience in years</th>
<th>No. of Employees (X)</th>
<th>(X^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15</td>
<td>169</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>289</td>
</tr>
<tr>
<td>3</td>
<td>23</td>
<td>324</td>
</tr>
<tr>
<td>4</td>
<td>25</td>
<td>529</td>
</tr>
<tr>
<td>5</td>
<td>16</td>
<td>225</td>
</tr>
<tr>
<td>6</td>
<td>15</td>
<td>324</td>
</tr>
</tbody>
</table>

\[
\Sigma X = 104 \quad \Sigma X^2 = 1860
\]

Mean \[ 17.35 \]

Variance \[ 9.35 \]

(Source: Compiled from collected data)

The primary and secondary data are gathered for the purpose of research and a series of statistical tools, such as chi-square and weighted scores have been used.

SD can be calculated using \[ \sigma = \sqrt{\frac{\Sigma X^2}{n} - \left(\frac{\Sigma X}{n}\right)^2} \].

Sample size \( N \) is calculated using \[ N = \frac{z^2 \cdot \sigma^2}{(\text{Standard Error})^2} \].

At 95% confidence level the value of \( Z = 1.96 \)

Standard Error is assumed to be 0.5

Hence, sample size from the formula is 145.

A total of 145 respondents were taken and a simple random technique, a probability sampling method was employed.
2.9 Limitations of the study:

(i) A first limitation is that this analysis was restricted, in the sense that it has chosen to focus only on organisational-level factors and at that level only on strategical, general and operating factors. Taking that choice as given, there are still a number of other limitations that merit attention. One limitation pertaining to the selection of dimensions of employee performance evaluations is that the major division between forms of scholarship that advocate working from direct experience with an organisation and forms of scholarship building on research tools like questionnaires. The dimensions of the study of present research are a representative of the second school of thought, with the unavoidable consequence that their validity will be doubted by proponents of the existing thought.

(ii) There is no way of telling whether the researcher is right when it considers certain dimensions identified in different studies identical or overlapping. It is also impossible to tell, whether all different types of employee performance evaluation systems have got relevance, to present day of organisations both in public and private sectors. Furthermore, in the hypotheses focus is between strategical, general and operating factors, critical attribute analysis and current employee performance evaluation system. In doing this there is a risk that the researcher has oversimplified things and that strategical, general, and operating dimensions are not so much influenced directly, as by combination of other factors.

(iii) Another simplification is that the researcher has assumed that the employee performance evaluation factors discussed are orthogonal or at least, that it makes sense to formulate separate hypothesis for each of the factors even though they were identified as independent in the empirical studies from which they originate. However, at this phase of the research it seems to be most productive to start with less complex questions, with allowing for more complexity when necessary. It is also much easier to operationalise and measure factors of employee performance.
(iv) The employee performance evaluations have been assumed system characteristics were based on a good deal of empirical literature, it is not possible to tell whether these three aspects are strictly necessary and sufficient for analyzing the system. Furthermore, it is not specified in the research whether all factors need to be present to the same degree.

2.10 Review of literature:

Kenneth F. Herrold, Columbia University, New York, in his study on principles and techniques of assessment of the employees, criteria and methodologies are often inadequately described. The ‘assessment’ has many meanings like, measurement, evaluation, correlation, and prediction with one or many variables. Advocates of assessment rarely observe the same guidelines or initiate appraisals with the same basic assumptions over a period of time. Further, it is found that comparisons of the results are rarely reliable or useful. Different forms of assumptions underlie planning and implementation of appraisal or assessment programs and procedures.

Gary P. Latham and Louis W. Fry of University of Washington opined that to get productivity from the employees, there should be clear corporate mission and appraising employee’s performance. In appraising the performance of an individual employee, one can look at trait, cost-related or behavioral variables. An excellent appraising approach is developing behavioral criteria in job analysis.

Glenn Fischbach opined that the purpose of measuring and evaluating should be as fairly as possible to get the results about employee contribution. And it should be remembered always that within a grade progression should be based on performance only. Length of service, and economic changes of the company have nothing to do with the application of this policy. Such progression should not increase unit or manufacturing costs for, like a direct wage incentive system, improved performance should absorb the cost.
Robert B. Pursell opined that appraising supervisory employees, appraising employee performance is the application of management's most controversial process to its most controversial level. Performance appraisal depends upon an overall approach like distinguishing among the key elements of the process, Secondly, identifying the specific purposes, characteristics and differences and thirdly, recognizing the job positions. The purpose of performance appraisal serves one or more facets. They are likely, to bring about better operational or business results. Secondly, to meet some of an individual development needs and thirdly, to provide information for planning as a basis for compensation.

Wesley S. Caldwell in his examination of appraising sales employees stated that superior-subordinate relations are important. If sales employees succeed in their work and develop abilities, they should know job descriptions, certain knowledge and skills, performance standards, job itself, identifying strengths and weaknesses. The interview with sales employees should be conducted on the same principles, as any other appraisal interview geographically sales employees might be separated from their superiors and it would be difficult for them to face appraising interviews and other methods. In such cases the formal, periodical appraisal interview is just a little more somewhat more important link in a long chain of counseling interviews. While appraising sales employees the atmosphere should be friendly and permissive.

Richard Crook put the question what are we looking for? The question should be asked before setting the appraisal machinery into motion. There should be workable system, before developing a stage of system. The system should be well defined by keeping objectives such as compensation review and exploring weakness in job performance, for the purpose of future training and in job relations. A good appraisal system should have the following requirements. The objective of appraisal should be realistic and obtainable, secondly, it should exist on some specific functions, thirdly, it should become part of the evaluation process and fourthly, there
should be an opportunity for the employees to express their opinions and feelings. Finally, the appraisal system should have built in accountability.

Charles L. Hughes opined that the appraisal system should begin with an assumption of responsibility of a manager for achieving predetermined organisational goals. The overall framework of a management by objective system is a fundamental prerequisite to meaningful employee appraisal. The appraisal of the performance of individuals is intimately involved with the appraisal of the performance of the organisation for which employees are responsible. The appraisal system should focus on managerial efforts towards realization of business goals.

The appraisal system is organized on the principle of goals and management by objectives. The management decisions on performance utilize several integrated inputs such as goals and plans, job evaluation, performance evaluation and individual history. Comparison of individual goals and relative achievements yield decisions on compensations, selection and placement and replacement and staffing forecasts. Additionally, information on the management team permits manpower analysis, individual development, planning and tax planning. This concept permits and motivates managers to achieve personal goals through the achievement of organisational goals.

Y.V Verma, Vice President- HR of LG India, quotes a study which says that satisfaction with current appraisal systems in industry is as low as 40 percent. It happens when the right attributes such as performance and potential are not taken into account during the appraisal process and too much importance is given to mathematical judgments of a person’s contribution.

SS Sindhu, Head- HR of Godrej Agrovet says the employees want to focus on the ‘how’ aspect to see whether the person’s achievement of the target has been through ethical means. For instance, an employee may achieve his target of stocking at least 600 distribution outlets with Godrej products. But in reality, the products may have been dumped on the distributor through pressure tactics. A favorable appraisal may help the employee, but not the company or the
Varda Pendse, Director, Cerebrus Consultants, prefers a performance ‘management’ system and says appraisals have commonly become a tool to give increments rather than a tool to build a culture (of openness, transparency, etc.). This is why appraisals capture everything except the extent of coaching and support that the manager has given to the employee. Another flaw in most systems is that giving feedback on employee performance becomes a one-time event. Giving feedback (positive and negative) should be a continuous process in companies and should not be relegated only to the year-end.

Sanjay Bharwani, Country Manager of Watson Wyatt, opined that appraisal systems fail as goals and performance metrics are often not clearly defined. Suppose a sales executive is given a target to get 21 bank accounts. Companies usually never tell the end result that selling 21 accounts is going to bring to the organisation. Goals are also not aligned to all the departments and functions of an organisation as a result of which there is no ownership of certain crucial goals in certain departments. Companies churn out mounds of data from appraisals but seldom know what to do with it. Apart from deciding increments, nothing gets done with the data that human resource gets out of an appraisal. Companies are unable to take a call on how many of its people can be posted to new business assignments, what the common sets of weaknesses are on which employees have to be trained, how to improve the performance of underperformers and so on.

Varda Pendse of Mindtree opined that managers should also learn to manage expectations around appraisal time; one common problem faced by information technology companies is that almost all employees suffer from a ‘first in class’ syndrome. Everyone wants to be in the top-performing bracket, which just cannot happen. Most employees in these companies want a performance-driven culture but are not willing to accept lower pay for lower performance. If the
management does not have the skill to manage such expectations, the company can only expect to see an ever-growing number of long faces and a rising partition graph\textsuperscript{13}.

**Om Kaul, President** - Corporate HR of Essar Group says that the appraisal process must be based on measurable contributions to customer value, shareholder value, employee value and process improvement which they follow to evaluate their employees\textsuperscript{14}.

**Hari T.** Head-HR of Satyam software services opined that their framework for measuring performance focuses on the delight parameters of not only employees, but all support processes within Satyam driven by a continuous feedback process. At the end of the appraisal process, employees can give an instant feedback on their experience and the aspects in which they feel more improvements can be made (more than 91 percent of the employees gave a ‘delight’ feedback in the recently concluded appraisal exercise). Employees and associated can also share their feedback through the Internal Customer Delight Index (iCDI). It is an assessment on a two-dimensional framework based on “Outcomes” (Y axis) and “Asset building” (X axis). The outcomes dimension focuses on results against faster, better, cheaper, larger and consistent variables. The X axis is focused on asset building variables relating to people’s capability, collaboration, branding, innovation, etc. Behaviors, competencies are measured under the three clusters of thinking (creativity, strategic thinking, direction setting, etc.) doing (operational excellence parameters) and communicating (active listening, influencing, relationship building, etc)\textsuperscript{15}.

**Arvind Agrawal, President**, Corporate development and HR, RPG Enterprises, says that RPG conducts engagement survey to understand the issues that employees may have with the appraisal system. The most common feedback is that ‘rewards were not consistent with the appraisal rating’. As a corrective action, there will be separate attachment with the increment letter to the employees post-appraisal thereby explaining the system of giving increments, and where does the employee stands in the rating and how the increment was calculated\textsuperscript{16}. 

Landy and Farr’s (1980) conducted a cognitive research by having assumption that (1) raters were motivated to rate accurately and (2) the problems in the appraisal process involved cognitive processing errors and complexities\textsuperscript{17}.

Bretz et al., 1992; Harris, 1994, Murphy and Cleveland, 1995, conducted research on Distal Factors which are broadly construed as contextual factors that affect many human resource systems, including performance appraisal. In other words, distal variables are not necessarily related only to performance appraisal, but they may have unique effects on the performance appraisal process that are useful to understand and consider\textsuperscript{18}.

Distal factors include but are not limited to organisational climate and culture, organisational goals, human resource strategies, external economic factors, technological advances and workforce composition\textsuperscript{19}. These factors also have an effect on rater and rate behavior, although not directly. For instance, an organisation that espouses a continuous learning culture may structure and implement a very different type of performance appraisal system than an organisation without such a culture. Also, the HR strategies adopted by an organisation (Harris, 1994) may have an effect on the type of appraisal system adopted by an organisation (e.g., developmental vs. administrative)\textsuperscript{20}.

Hebert and Vorauer, 2003; Miller, 2003\textsuperscript{21} opined that the review of the performance appraisal literature over the last 7–10 years reveals little systematic empirical work on the distal variables, other than a bit on culture, climate and technology issues. While this is at some levels disappointing, it is understandable. First, there is little theory specific to performance appraisal to methodically guide this level of research. Second, the breadth of the distal factors is difficult to measure and implement within a research setting. Third, given the distal nature of these factors, their direct effects on performance appraisal behavior may be small. Perhaps closer examination of the relationships between distal and proximal relationships would prove more fruitful. Even with the difficulties regarding this type of research, however, it is important to continue
examining these factors to understand the social context in which performance appraisal operates.

Lefkowitz (2000) conducted research on process proximal variables, keeping in view the objectives that process proximal variables would affect the employee performance appraisal. The proximal variables (both process and structural) received attention in the recent appraisal literature, we chose to categorize the proximal variables as either process (i.e., having direct impact on how the appraisal process is conducted including things such as accountability or supervisor–subordinate relationships) or structural (i.e., dealing with the configuration or makeup of the appraisal itself and including things like the appraisal dimensions or frequency of appraisal). Researchers have shown considerable interest in variables related to the individual doing the appraisal. Literature review identified rater affect as one of the most studied rater variables. Although the literature has not been consistent regarding a formal definition of affect in performance appraisal a good general definition linked to most of this research involves liking or positive regard for one’s subordinate.

Forgas and George (2001) in their research on the affect infusion model suggested that affective states impact on judgments and behaviors and in particular, affect or mood plays a large role when tasks require a degree of constructive processing. For instance, in performance appraisal, raters in good moods tend to recall more positive information from memory and appraise performance positively (Sinclair, 1998). Consistent with the affect infusion model, a few recent studies have examined the role of mood or affect in performance appraisal. Lefkowitz (2000) conducted a thorough and important review of affective regard and performance appraisal, finding over 20 studies in all and about 13 between 1990 and 1998. To summarize, frequent higher appraisal ratings and less inclination to punish subordinates leads to better supervisor–subordinate relationships and greater halo and less accuracy. Lefkowitz also
developed a model of the interpersonal determinants of performance appraisal that seems to hold great value for providing a framework to guide future research in this area.

Bates (2002)\textsuperscript{27}, Strauss\textsuperscript{28}, Barrick and Connerley (2001) in their research studies they have looked at the role of similarity in personality and similarity in affect levels between raters and ratees, finding that similarity is related to appraisal ratings.

DeNisi and Peters, (1996)\textsuperscript{29} in their research identified that keeping performance diaries tended to increase the strength of that relationship between affect and performance ratings leading the authors to conclude that perhaps affect follows from subordinate performance level rather than the other way around.

Robbins and DeNisi, (1998);\textsuperscript{30} Varma, DeNisi and Peters (1996) In their research work, opined that although affect is positively related to appraisal ratings, it is more strongly related to more subjective trait-like ratings, than to ostensibly more objective task-based ratings.

Allen and Rush (1998)\textsuperscript{31} in their study opined that looking at the relationship between objective control behavior (OCB) and task performance uncovered a similar finding in that affect served as a mediator of the OCB-task performance relationship. It also suggests that affect may not always be a bias in the ratings process. That is, perhaps high performing subordinates are liked more because they are high performers. A second broad area related to raters that has received considerable research attention has to do with the motivation of the raters. Traditionally, research seemed to assume that raters were motivated to rate accurately.

Ilgen et. al. (1993)\textsuperscript{32} in their research they have attempted to identify and understand other elements of rater’s motivation and how that motivation affects the appraisal process. One line of research related to rater’s motivation has focused on the role of individual differences and rating purpose on rating leniency.

Murphy and Cleveland (1995),\textsuperscript{33,34} Villanova, Bernardin,\textsuperscript{35} Dahmus and Sims (1993) in their study found that most practitioners report overwhelming leniency on the part of their raters
and rating elevation has been found in empirical papers as well as surveys of organisations developed a measure to tap the extent to which raters were uncomfortable doing performance appraisal. Further, it is identified that individuals who were higher on the scale of performance appraisal discomfort scale (PADS) were also more likely to give elevated ratings because they didn’t want to deal with the discomfort and conflict that often comes with delivering negative feedback.

Struthers and Weiner (1998)\textsuperscript{36} in their research work on the role of attributions in the performance appraisal process has also attracted some recent research attention. Further, they have examined how the attributions that raters make for ratees’ behaviors affect their motivation to rate or their actual rating. For instance, using a traditional social psychological framework, they found that whether individuals opted for consoling, reprimanding, transferring, demoting, or firing a hypothetical employee depended in large part on the extent to which the rater believed that the exhibited behavior was due to ability or effort.

Bernardin, Cooke and Villanova, 2000\textsuperscript{37} in their study, demonstrated that raters who were high on the big five factor of agreeableness and low on conscientiousness were those most likely to provide elevated ratings. These findings corroborated the notions that high agreeableness individuals are cooperative, trustful and sympathetic in nature while high conscientiousness individuals are focused on excellence, very careful, and quite thorough.

Antonioni and Park (2001)\textsuperscript{39} opined that affect was more strongly related to rating leniency in upward and peer ratings than it was in traditional top-down ratings and that this effect was stronger when raters had observational time with their subordinates. They concluded from this that raters pay so much attention to their positive regard for subordinates that increased observations result in noticing (or constructing) more specific behaviors that fit their affect-driven schema.
Johnson, Erez, Kiker and Motowidlo (2002)\textsuperscript{10} in their empirical work they found that both liking and attributions mediated the relationships between reputation and reward decisions. More specifically, raters consider ratees' behaviors and their reputations when drawing attributional inferences and deciding on appropriate rewards. The implications of this line of research are clear: attributional processing is an important element of the rating process and these attributions, in part, determine raters' reactions and ratings.

Fried, Tiegs and Bellamy (1992); Frink and Ferris, (1998)\textsuperscript{41} in their research identified that the rater motivation has to do with rater accountability, which is perceived potential to be evaluated by someone and being held responsible for one's decisions or behaviors. With respect to performance appraisal, accountability is typically thought of as the extent to which a rater is held answerable to someone else for his or her ratings of another employee.

Klimoski and Inks (1990)\textsuperscript{42} in their study on accountability, reported that raters distorted appraisal ratings more when they were to be held accountable to the ratee for those ratings. For instance, when participants anticipated a face-to-face feedback meeting with a poor performing ratee, they rated the ratee more favorably than did other participants who did not expect a face-to-face meeting. Further, it is concluded that accountability can result in distortions of performance ratings.

Mero and Motowidlo (1995)\textsuperscript{43} conducted research work and demonstrated that raters told that ratees had been rated too low in the past responded by inflating ratings while others told that they would have to defend their ratings in writing provided more accurate ratings.

(Mero, Motowidlo and Anna, 2003)\textsuperscript{44} in their study, opined that the accountability pressures on raters to justify ratings may operate through an increased motivation to better prepare themselves for their rating task. This was manifested in raters paying more attention to performance and recording better performance-related notes. Further, looking at accountability forces in performance appraisal found that raters inflated ratings when they were motivated to avoid a
negative confrontation with poor performers, but did not adjust ratings downward when good performers rated themselves unfavorably.

Walker and Smither (1999)\textsuperscript{45} Shore and Tashchian, (2002)\textsuperscript{46}, Digh, (1998)\textsuperscript{47} in their research work looked at accountability from the manager’s perspective (i.e, manager as a ratee) in an upward feedback context. Managers' performance improved over a 5-year period after participating in an upward feedback system, but even more interesting was the finding that improvement was more likely when managers were part of feedback sessions with their direct reports. In other words, the implication is that when held accountable to meet with their subordinates about their feedback, managers were more likely to use the feedback and improve performance. Finally, there has also been a call from practitioners to use accountability as a means of improving the accuracy of appraisal ratings, increasing acceptance of the appraisal system and making HR systems more efficient. For example, many companies have applied accountability pressures on managers to improve coaching as well as diversity initiatives. Companies like Motorola, Proctor and Gamble, Sara Lee, Texaco, and Steel case have all introduced accountability pressures to further their own diversity initiatives.

Campbell, Campbell and Chia, 1998;\textsuperscript{48} Goss, 2001\textsuperscript{49}, in their research work on ratee issues found the role of performance appraisal in ratee motivation and ratee reactions to performance appraisal processes. The research focusing on motivation seems to be rather easily categorized as being about either (1) the links between performance ratings and rewards or (2) those elements of the performance appraisal process which increase ratees' motivation such as participation. One theme of some recent work is that although merit pay systems (e.g., pay for performance, performance pay, etc.) sound like a good idea, there is very little research on this indicating that they are successful; it argues that in spite of its intuitive appeal and theoretical support, merit pay plans seldom reach their objectives.
These authors suggest replacing individual-level merit pay systems with work-unit based merit pay systems that would track work group performance using performance indicators or ratios. While suggesting this alternative, the authors also recognize that some of the problems with individual-level merit pay systems may simply be elevated to the work-unit level.

Mani, 2002\(^{50}\) opined that while pay is an important motivator along with recognition, work enjoyment and self-motivation, very few organisations actually link the performance appraisal system to pay or compensation in any clear, tangible way. Further, the results from a survey about a university performance management system where few dollars were available to be allocated based on the performance appraisal system and those dollars that were available were distributed to all employees who were rated at least 'below good'. Very little added bonus was available for being one of the best performers. Deming's perspective is that performance appraisal is one of the seven deadly sins of management (Starcher, 1996)\(^{51}\). Further, how well employees perform is much more a function of the situational constraints they experience than their own skill or motivation. Certainly, these situational constraints are important. The social or motivational factors have been quite clearly linked to employee satisfaction and productivity.

Pettijohn, Taylor and Kellor,(2001)\(^{52}\); Roberts,(2003); Shah and Murphy,(1995)\(^{53}\) in their research opined that the significance of participation in the appraisal process as an antecedent of ratees' work motivation suggest that participation is simply essential to any fair and ethical appraisal system.

Pettijohn et al., 2001a, 2001b\(^{54}\) in their two different surveys on sales people, found that participation and perceptions of fairness as integral to employees' perceptions of job satisfaction and organisational commitment. They conclude from these data that performance appraisal systems can be used to actually improve employees' levels of job satisfaction, organisational commitment, and work motivation.
Roberts and Reed, 1996⁵⁵; (Bartol, 1999) in their two reviews on models of the appraisal process that highlighted both participation and justice as integral to the motivational function of a performance appraisal system takes an agency theory perspective in developing a performance management model with a focus on compensation. They proposed that an agency theory-based compensation system impacts on goals, rewards and justice perceptions that determine employee levels of satisfaction and commitment as well as performance and turnover intentions. Although not employing agency theory in their work, Roberts and Reed (1996)⁵⁶ take a somewhat similar tack in proposing that participation, goals, and feedback impact on appraisal acceptance which affects appraisal satisfaction and finally employee motivation and productivity. It is the specific paths proposed in these models that ought to be tested in both laboratory and field research. These models have widespread implications for companies at both the individual and organisational level as the links between basic-level constructs such as goals and participation could be examined and tied to employee attitudes, employer–employee relationships, employee performance, organisational effectiveness, and employee with draw behaviors (e.g., absenteeism and turnover)⁵⁷.

Keeping and Levy (2000)⁵⁸; Cardy and Dobbins (1994)⁵⁹ in their research first, with a focus on reactions to the appraisal process, followed from earlier work by arguing that perhaps the best criterion to use in evaluating performance appraisal systems was the reactions of ratees. It is that even the most psychometrically-sound appraisal system would be ineffective if ratees (and raters) did not see it as fair, useful, valid, accurate, etc. Good psychometrics cannot make up for negative perceptions on the part of those involved in the system.

Cawley, Keeping and Levy, 1998⁶⁰ based on some of their earlier work, these authors conducted a study to evaluate the status of the measurement of the most common performance appraisal reactions. It is suggested that the most established measures of system satisfaction, session satisfaction, perceived utility, perceived accuracy, procedural justice and distributive
justice, all measured these constructs quite well. They also found results that supported a higher order appraisal reactions model that fit nicely within *appraisal effectiveness* which was defined by Cardy and Dobbins (1994) as the multidimensional construct or ultimate criterion for measuring the success of appraisal systems.

**Folger et. al. (1992)** in their research applied *due process* to performance appraisal. They define three elements that must be present to achieve higher perceptions of fairness: adequate notice, fair hearing, and judgment based on evidence. Although they identified specific interventions that should be implemented to increase due process, they cautioned that, "due process mechanisms must be implemented in terms of guiding principles (i.e., designed with process goals in mind) rather than in a legalistic, mechanical, rote, or "cookbook" fashion".

**Taylor, Masterson, Renard and Tracy (1998)** conducted research and found that ratees appraised within a due process approach reported more positive appraisal perceptions. (e.g., ratees satisfaction with appraisal system and rating, higher perceptions of fairness and rating accuracy).

**Erdogan, Kraimer and Liden (2001)** their research work also supported the positive effects of due process on appraisal outcomes. Specifically, they found that elements of due process (e.g., knowledge of criteria, fair hearing) were differentially related to system and rater procedural justice perceptions. In general, studies have found that both ratees and raters respond more favorably to fair performance appraisal systems (e.g., less emotional exhaustion, more acceptance of the feedback, more favorable reactions toward the supervisor, more favorable reactions toward the organisation, and more satisfaction with the appraisal system and the job on the part of both rater and ratee).

appraisal reactions as a function of being provided more opportunities for participation or more information about the appraisal process.

Cawley et al., (1998)\textsuperscript{71}; Levy and Williams, (1998)\textsuperscript{72}; Williams and Levy, (2000)\textsuperscript{73} in their research on meta-analysis of the relationship between ratee participation and reactions, found strong consistent relationships between various forms of participation (e.g., value-expressive voice and instrumental voice) and the typical ratee reactions. They emphasized that even when voice was only perceived to be a way to express one's values and not a way to affect the ensuing decision, it was still strongly related to the reactions in fact, these relationships were somewhat stronger than they were when voice was believed to be instrumental to the decision making.

Tziner and Kopelman, (2002)\textsuperscript{74}; Tziner, Kopelman and Joanis, (1997)\textsuperscript{75} in their studies have looked at how individuals react to elements of appraisal systems that are more structural in nature. It is noted that examining rater and ratee reactions to different performance evaluations outcomes is necessary. They found that both raters and ratees responded more favorably to behavior observation scales (BOS) than they did to other scales such as graphic rating scales or BARS. In their recent review (Tziner & Kopelman, 2002), they argue that there is some evidence for the superiority of the BOS over other rating formats with regard to rater and ratee reactions, but also that the differences between these reactions and those toward graphic rating scales are sometimes rather small. Also, their review concludes that the BARS is generally not well received by raters or ratees and consistently ranks below the other two ratings formats. DeNisi and his colleagues have focused on cognitive techniques to improve the appraisal process and, in particular, have examined the role of diary-keeping which is a procedure in which raters observe and record information about ratees in some formal (usually written) way. They have found that raters react more favorably to PA systems that employ diaries even though in many instances it is more work for them (DeNisi & Peters, 1996)\textsuperscript{76}. They found that raters are better able to recall performance information and were better able to discriminate among employees.
Mayer and Davis; Patton (1999)\textsuperscript{77} in their study on leader–member dyadic issues refer to the relationships between leaders and their members. Further, trust is a key element in managing the supervisor–employee relationship. Trust is made up of three components: ability, benevolence, and integrity. In other words, if an employee believes a supervisor has the skills to properly appraise, has the interests of the employee at the heart and believes the supervisor upholds standards and values, the employee is likely to trust that supervisor.

Dirks and Ferrin, (2001)\textsuperscript{78} in their study opined that interest in understanding the processes related to trust are the result of research that supports both the direct and indirect effects of trust on important organisational and individual outcomes. For instance, research has supported the relationship between trust and outcomes such as employee attitudes, cooperation, communication and organisational citizenship behaviors. As with appraisal perceptions and reactions, researchers also believe that trust issues can limit the effectiveness of performance appraisal. For instance, if ratees have low levels of trust for their supervisor, they may be less satisfied with the appraisal and may not as readily accept feedback from that source.

Hedge and Teachout (2000)\textsuperscript{79} in their study, examined predictors of acceptability and found that trust associated with other raters, the appraisal process and the researchers were all significant predictors of appraisal acceptability for both job incumbents and supervisors.

Mani (2002)\textsuperscript{80} examined employee attitudes related to appraisal and found that trust in supervisors was important for determining satisfaction with the appraisal system. Other researchers have examined factors that influence trust within the performance appraisal process.

Whitener, Brodt, Korsgaard and Werner (1998)\textsuperscript{81} in their research work opined that providing a framework that identifies possible organisational and individual factors that determine manager’s perceptions, trustworthiness along with behavior.
Korsgaard and Roberson (1995) found that when employees were given assertiveness training and opportunity to self-appraise, they reported greater trust in the manager and more positive attitudes toward the appraisal.

Mayer and Davis (1999) found that when a performance appraisal system was “acceptable” (e.g., perceived as accurate and being high in instrumentality), employees reported higher levels of trust for management. The second major variable that has been considered frequently within the category of leader–member relationship is the dyadic relationship between the leader and employee.

Graen and Scandura, (1987); Liden, Sparrowe and Wayne, (1997) in their study leader–member exchange (LMX) theory developed to capture the process through which leaders respond to and interact with subordinates. This aspect of the social milieu has been of interest within the HR and OB disciplines and more specifically within the performance appraisal literature (Duarte, Goodson & Klich, (1993); Kacmar, Witt, Zivnuska & Gully, (2003); Varma and Stroh, (2001); Vecchio, (1998). Leader–member exchange theory suggests that leaders differentially interact, respond to, and treat subordinates depending upon their membership in the “in” or “out” groups. Further, Duarte and colleagues (Duarte & Goodson, 1994; Duarte et al., 1993) provided evidence that the relationship between objective measures of performance and supervisor ratings of performance were moderated by LMX such that in-group members were rated higher regardless of objective levels of performance. Vecchio (1998) attempted to replicate these findings, but did not find support for this effect. He suggested that perhaps those interactions were context-specific and concluded that perhaps the quality of the relationship doesn’t bias ratings of performance. Kacmar et. al. (2003) examined in his study whether the communication frequency would moderate the relationship between LMX and supervisory ratings. They found, across two studies, that individuals who communicated with their supervisor more frequently and were in a high LMX relationship received the highest
performance ratings. Interestingly, individuals with high communication frequency and in low LMX relationships received the lowest performance ratings.

Varma and Stroh (2001)\(^8\) in their studies have examined the impact of leader gender on performance ratings. They proposed that same-sex, leader-member dyads would result in greater liking of subordinates, which in turn would result in higher LMX relationships. Results of their study suggested that the composition of the dyad did have an effect on affect, LMX and performance ratings.

Furnham and Stringfield (2001)\(^9\) examined whether female and male managers rated performance differently. They found that male employees received lower ratings than female employees. In addition they found that female managers, as compared to male managers, rated male employees lower than female employees. Clearly additional research is needed to more fully examine any potential rating bias due to gender.

Kozlowski et. al., (1998)\(^2\) in their study, said performance appraisal is a ripe situation for those involved to play political games viz, among other approaches, rater distortion of ratings or ratees' active management of impressions. In a military setting, the appraisal process would influenced by the political process.

Ferris and King, (1991)\(^3\), (1992),\(^4\) in their empirical work opined that organisational politics actually affects the appraisal process.

Wayne and Liden (1995)\(^5\) in their research, opined that a series of relationships between various types of impression management such as supervisor-focused (e.g., ingratiation) or self-focused (e.g., boasting) and liking. In general, they found strong support for their model including their prediction that self-focused impression management would lead to perceptions of less similarity to the subordinate and thus, to lower ratings.
Gendersen and Tinsley, (1996)\textsuperscript{96} in their research found that assertive impression management techniques (e.g., ingratiation and self-promotion) resulted in higher performance ratings than did defensive impression management techniques (e.g., excuse-making and justifications).

Another important area of performance appraisal is team based environment. Doing performance appraisal in a team based environment is complicated for a few reasons. First, it is imperative that the appraisal system balances the individual vs. the team. Both are important and emphasizing individual or team performance at the exclusion of the other will result in an ineffective system. Second, it’s also complicated because the performance appraisal system needs to be broad enough to include Non-traditional performance criteria such as teamwork or cooperation.

Levy and Steelman\textsuperscript{97} (1997) opined that there are complexities in proposing a prototypical appraisal system to be used in a team-based environment. This team-based model includes multi-source ratings of both individual and team performance (e.g., production quality, technical knowledge, functioning of team, customer satisfaction), objective measures of individual and team performance (e.g., scrap rate, production quantity, achievement of team goals and safety objectives) as well as measures of teamwork (e.g., communication, coordination, and conflict resolution skills).

London and Smither, (2002)\textsuperscript{98} London (2003)\textsuperscript{99} conducted research and opined that a feedback-oriented culture is characterized by managers and employees feeling comfortable both providing and receiving feedback. Further, feedback is an integral component of the performance management process in organisations characterized by a feedback-oriented culture. London’s argument is that better job examinations, the feedback culture of organisations would link to other elements of the performance management cycle (e.g., employees’ feedback orientation, goals, perceptions, and behavior change). Finally, the feedback culture of the organisation should play a vital role in how feedback is sought, perceived, processed, accepted, used and reacted to.
Norris-Watts and Levy\textsuperscript{100}; Steelman, Levy and Snell, (2004)\textsuperscript{101} have developed and validated a measure of the feedback environment that diagnoses the extent to which an organisation supports the feedback processes, getting at many of the important elements discussed in London’s work (2003)\textsuperscript{102}. They measure the feedback environment by focusing on the employee’s perceptions of feedback source credibility, feedback quality, feedback delivery, frequency of both diagnostic favorable and unfavorable feedback, source availability and the extent to which feedback seeking is encouraged (Steelman et al., 2004)\textsuperscript{103}.

Maurer, Mitchell and Barbeite, (2002)\textsuperscript{104}; Maurer, Weiss and Barbeite, (2003)\textsuperscript{105}, in their study developed and tested a model that gives the best snapshot of relationships among key constructs involved in employee learning and development (Maurer et al., 2003). The key antecedents to successful learning and development are learning preparedness, situational support for development and self-efficacy for development. Both work and non-work situations are supportive of learning and development which may, of course, impact perceptions of potential benefits, attitudes and intentions to participate in the developmental process.

Garavan, Morley and Flynn, (1997)\textsuperscript{106} in their study on structural proximal variables said that the structural process variables are factors which have direct effect on rater and ratee behavior and are directly affected by distal variables. Structural variables are aspects of the system which make up the organisation or design of the performance management process.

Garavan, Morley & Flynn, (1997)\textsuperscript{107}Borman, (1997)\textsuperscript{108} in their study opined that multi-source feedback systems have been implemented in organisations largely as a means to provide developmental feedback for employees. The benefits of a multi-source traditional feedback system are predicted on three important assumptions: (i) that each of the rating sources can provide unique information about the target, (ii) that these multiple ratings will provide incremental validity over individual sources, and (iii) that feedback from multiple sources will increase the target’s self-awareness and lead to behavioral change.
Waldman and Bowen (1998)\textsuperscript{110} examined both rater and ratee acceptability of the process and proposed that factors such as organisational culture, credibility of raters, high rates of participation and anonymity of ratings are likely to influence acceptance of multi-source feedback.

Williams and Lueke (1999)\textsuperscript{111} in their research, found that the knowledge of and experience with the multi-source system as well as social support played an important role in multi-source system reactions, perceived developmental constraints and self-efficacy judgments related to development, which were important predictors of managers intentions to develop.

Brett and Atwater (2001)\textsuperscript{112} examined and found that the relationships between rating discrepancies, feedback reactions and receptivity to development. Their study suggests that when individuals receive lower than expected ratings, they respond quite negatively and this may influence their developmental responses. The work on multi-source feedback reactions supports the notion that elements of the social context are critical factors impacting the success of multi-source feedback systems.

Kluger and DeNisi (1996)\textsuperscript{113} conducted an important meta-analysis on the effect of feedback interventions on performance improvement and found that feedback interventions are not uniformly successful.

Seifert, Yuki and McDonald (2003)\textsuperscript{114} in their research, reviewed 14 studies that included either upward or 360-degree feedback and found that while some reported performance improvements some did not and others reported inconclusive results. The variability in these results suggests that perhaps other factors play a part in whether and how far feedback results in actual performance improvement.

Smither, London, Flautt, Varagas and Kucine (2003)\textsuperscript{115} in their study, examined whether the use of an executive coach following multi-source feedback resulted in greater behavioral change. They found that individuals who used an executive coach did, in fact, set more specific goals,
sought out others for information and had slightly higher ratings in subsequent multi-source appraisals. Another factor that may play a significant role in whether or not individuals actually use 360-degree feedback is participants' attitude and reactions toward the feedback and the appraisal system (Ilgen, Fisher and Taylor, 1979). Researchers have suggested that if participants do not perceive the system to be fair, the feedback to be accurate or sources to be credible then they are more likely to ignore and not use the feedback they receive.

Taylor and Wherry (1951)\textsuperscript{116} in their research work they found that ratings collected for administrative purposes would be more lenient than ratings collected for research or developmental purposes.

Jawahar and Williams (1997)\textsuperscript{117} examined data from 22 studies and found that ratings collected for administrative purposes were in fact more lenient than ratings collected for research or developmental purposes. Moreover, they identified significant moderators of this relationship (e.g., study setting, type of rater, direction of feedback, and type of rating scale). While the majority of the research on performance appraisal purpose has focused on the rater, some work has also been conducted on ratee effects (Boswell & Boudreau, 2000,\textsuperscript{118} 2002\textsuperscript{119}). Given the importance of ratee reactions for the success of appraisal systems, this work is important and future research investigating these effects in other contexts (e.g., multi-source feedback systems) would be helpful.

Bernardin and Buckely, (1981)\textsuperscript{120}, Pulakos, (1984)\textsuperscript{121}, Schleicher et al., (2002)\textsuperscript{122}, in their research work on rater training a meta-analysis conducted during this time provided support for one type of training in particular, frame-of reference (FOR) training. The use of FOR training is to improve assessment center ratings (a comparison of FOR and behavioral observation training on rating accuracy (Noonan & Sulsky, (2001)\textsuperscript{123}, and the effects of instructional interventions on FOR effects (Keown-Gerrard & Sulsky, (2001)\textsuperscript{124}. The recent research on performance appraisal
training appears to focus on ways to fine tune this training and apply it within other contexts. Overall, this work provides continued support for the efficacy of for-training.

2.11. Research gap:

From the above research review, it is found that several studies made different views and insights on the performance management systems. The industry practitioners also expressed several bottlenecks and gaps about their performance management systems. These bottlenecks and gaps are summarized as follows:

- Most of the performance evaluation systems are lacking criteria of methodologies, while assessing the employees and existing without specific purpose, characteristics, fairness in implementing, recognizing in job position.
- It is identified that from the research review, psychometrically sound appraisal systems alone establish measures of system satisfaction, session satisfaction, perceived utility and accuracy, procedural justice and distributive justice that are essential for employee satisfaction. But, the above factors are completely absent in most of the systems.
- It is noted that most of the performance evaluations systems are unable to define a person's achievement.
- It is identified that linkage between performance ratings and rewards and consistency of the rewards towards performance evaluations are unable to explain by the performance evaluation systems. Further, theory based compensation systems on goals, rewards and justice perceptions that determine employee level of satisfaction and commitment whereas most of the performance evaluation systems do not exist on theory based; instead they are considered as ritual based in the organisations.
- A Majority of the performance evaluation systems do not speak of accountability of the managers, dimensions of appraisal, frequency of appraisal and superior-subordinate
relationships. Further, rater's motivation and their mood should be considered very importantly, while taking decisions on outcome of performance evaluation systems.

- A Majority of the researchers also focused on trust in the organisations. Acceptability, trustworthiness by the employees on top management is still a question mark.

Therefore, much emphasis is required on leader-member relations and dyadic relations in the organisations. The reactions in the above relations need to study extensively to define the rate participations, reactions and fairness of the appraisal systems. Further, the leadership perspective on 'incoming and outgoing' employees needs to keep emphasis on the organisation. The transition period of the employees is important to learn about its impact on overall performance of the organisations. It is identified that behavior of the employees is also considered along with factors like, objective control behavior, objective task based settings, similarity of personality and leniency errors considerably need to study to learn the importance of behavior in performance evaluations. The feedback environment is completely absent in the entire organisation. Employee perceptions on feedback source credibility, quality and delivery, diagnostically favorable and unfavorable feedback should be focus for better understanding of performance appraisals. Further, it is identified that feedback oriented culture must be an integral part of the performance management. Hence, in this study the focus is in this direction by taking both from the public and private sector organisations as the subject of study.

2.12. References:

2. Thompson, J.D. and D.R. Van Houten (1970), The Behavioral Sciences: An Interpretation. Addison-Wesley, Reading (Massachusetts) and London.


10. Ibid

11. Ibid

12. Ibid

13. Ibid


15. Ibid


26. Ibid.


89. Ibid.


Construct definition, measurement, and validation. Educational and Psychological 

102. Ibid.

Construct definition, measurement, and validation. Journal of Educational and 

104. Maurer, T. J., Mitchell, D. R. D., Barbeite, F. G. 2002. Prediction of attitudes toward a 360-
degree feedback system and involvement in post-feedback management development 

learning and development activity: The effects of individual, situational, motivational, and 

development. Journal of Management Development, 16(2/3): 134

107. Ibid


context of multi-source feedback. Journal of Occupational & Organisational Psychology, 


111. Williams, J. R., Lueke, S. B. 1999. 360 degrees feedback system effectiveness: Test of a 

112. Brett, J. F., Atwater, L. E. 2001. 360 degrees feedback: Accuracy, reactions, and 

historical review, a meta-analysis, and a preliminary feedback intervention theory. 

feedback facilitator on the influence behavior of managers toward subordinates. Journal of 


126. Ibid

127. Ibid.