CHAPTER - V

SUMMARY AND CONCLUSION
This chapter provides a capsule summary of the major results and discussions presented in the earlier chapters and raises some important managerial and organisational implications arising therefrom. Finally, the chapter concludes by suggesting some directions for further research in this field.

**SUMMARY OF FINDINGS**

Out of 83 organisations considered for this empirical study in Karnataka State, nearly 63 per cent were in the private sector and the remaining 37 per cent of the organisations belonged to the public sector. More than 61 per cent of the respondent units were less than 15 years old. As high as 73 per cent engaged in the manufacturing (goods producing) process and the service providing organisations accounted for 37 per cent. With regard to the ISO status, 59 per cent of the organisation were not accredited with the ISO status. More than 61 percent of the respondent units employed 300 and more number of employees.

The most commonly found designations of HR professionals responsible for designing, developing, and implementing appraisal systems in both private and public sector organisations were “Chief Personnel Manager” and “Manager (HR)”. Majority of these HR professionals are males, belonging to the age-group of 30-50 years, professionally qualified with an average tenure of 5 to 8 years in their respective HR departments.

The sample survey of 83 HR professionals (one each in all the 83 respondent units) with reference to the design, development, and implementation of appraisal system has revealed certain interesting results. Performance appraisal system (PAS) has been the most
preferred title of appraisal system in both private and public sector organisations. The major underlying objective of the appraisal system in these organisations is to develop a consistent method of measuring and assessing performance at all levels of the organisation and to use the appraisal system as a powerful tool to continuously manage and improve performance.

It should be noted that when compared to the private sector, 58 per cent of the public sector organisation never looked into the strategic requirement while designing or revising their respective appraisal system. Both private and public sector organisations reported many intended uses of appraisal information, and also a significant perceived gap between the actual use and the intended use. Information from performance appraisals in private sector had the greatest impact on salary administration; promotion; retention/termination decisions; recognition of individual performance; layoffs; identification of individual strengths, weaknesses, and developmental needs. On the contrary, the appraisal information in these organisations had the least impact on evaluation of human resource systems, identification of organisational development needs, and as criteria for validation research.

On the other hand, in the public sector performance appraisal information has played a crucial role in influencing retention/termination decisions, layoffs, performance feedbacks, employee transfer and job assignments, reinforcing authority structure, identification of organisational development needs, documenting human resource decisions, and of course, meeting legal requirements. However, the appraisal information in these organisations had the least impact on the recognition of individual
performance; identification of individual strengths, weaknesses, and developmental needs; and human resource planning. This trend clearly reflects a significant gap between the intention and practice as far as the uses of appraisal information are concerned in both private and public sector organisations, and the gap is much wider in the public sector.

With regard to the task of designing, developing, and implementing the performance appraisal system in public sector, the majority of the HR professionals reported their key responsibility area as designing the formal appraisal systems and selecting the methods and forms to be used for appraising employees. But training the managers as to how to conduct appraisals is the key responsibility area of a significant proportion of HR professionals in the private sector.

Similarly, the principal responsibility areas of managers as raters in both private and public sector organisations are evaluating the performance of employees, and completing the forms used in appraising employees and returning them to the HR department. When compared to the private sector, the responsibility of giving performance feedback to employees has not received due importance in the public sector.

Furthermore, the managerial responsibility of suggesting potential improvements in appraisal system and procedures to enhance fair and just appraisals has been relegated to the background in both the private and public sector organisations.

Based on the number of times appraisal systems have been revised, it has been learnt that many private sector organisations
have been seriously trying to find alternative and better ways of measuring and assessing the employee performance as compared to their counterparts in the public sector.

The respondent units have been utilising the ideas and suggestions given by different sources to make relevant decisions in respect of measurement content, measurement process, defining the rater and ratee, and other administrative characteristics of the appraisal system such as timing and frequency of appraisals. The private sector organisations involved the HR professionals, cross-hierarchical teams, cross-functional teams/task force, and outside consultants while designing or revising the appraisal system. However, the other sources such as the incumbents, supervisors, peers, and customers are used only for the purpose of determining the performance measurement content and process. In case of public sector, the HR professionals and cross-functional teams assisted in making decisions concerning the major components of appraisal system. Supervisors and external consultants influenced decisions relating to the measurement process and content, defining the ratee, and the administrative characteristics of the appraisal system.

It is worth noting that majority of the private sector organisations conducted both formal and informal appraisals, while many of the public sector units confined themselves only to the formal appraisals. Immediate superior and self-appraisal were the most dominant sources of appraisal in both private and public sector organisations. Formal appraisals have been conducted once in a year in more than 34 per cent, and once in six months in 32 per cent of the private sector organisations. But a significant majority of 71
per cent of the public sector organisations conducted formal appraisals only once a year.

As compared to the private sector, more than 38 per cent of the public sector organisations predominantly relied on 'traits or personal characteristics' of the ratees to appraise performance. The rating instruments such as 'graphic rating scale', and 'management by objectives (MBO)' were popular in both private and public sector units, and the practice of adopting 'essay method (annual confidential report)' gained more prominence among public sector organisations than their counterparts in the private sector. Irrespective of the ownership pattern of these respondent units, majority of them used production and personnel data to evaluate the performance of the workers, while the technique of MBO and subjective ratings of performance were widely used to assess the managerial performance. Interestingly, assessment centre technique has been used to conduct potential appraisal of managers by a greater proportion of private sector organisations than their counterparts in the public sector.

The success rate of implementing MBO to assess managerial performance is more in the private sector than the case in public sector. They attributed this success mainly to three reasons: (a) MBO registered performance improvement due to specific, moderately difficult and mutually acceptable goals; (b) improved clarity of the manager's role and priorities; and (c) sound procedure for controlling work progress and result. On the contrary, the reasons attributed to the failure of MBO by the private sector are: (a) overemphasis on production and productivity; (b) lack of flexibility in setting goals for
different units; and (c) focus only on the benefits to the organisation and not the development of the participating managers.

On the other hand, the public sector organisations advanced the following reasons for the failure of MBO: (a) lack of top management support; (b) inadequate training of managers in how to use MBO; (c) pseudo participation; (d) overemphasis on production and productivity; and (e) excessive paper work resulting in piling up and not filing!

Desktop personal computer has been widely used as a rating medium in the private sector, while the majority of public sector organisations adopted `paper-and-pencil' as a rating medium. Nearly 79 to 84 per cent of the respondent units depended on the judgemental approach to compute the overall performance score instead of the weighted mathematic approach.

The practice of reviewing and approving the primary rater's evaluation by the superior's superior existed in 90 to 94 per cent of the organisations. Moreover, performance feedback and counselling constituted as an integral part of the appraisal system in 71 to 75 per cent of the organisations.

Most of the private and public sector organisations reported the prevalence of intentional (interpersonal or political) and unintentional (systems defects) rating errors. The intentional rating errors were more commonly witnessed in the public sector than in the private sector. The major reasons for the occurrence of unintentional rating errors were lack of requisite skills on the part of the raters to make accurate ratings, and lack of carefully defined appraisal content. On
the other hand, intentional rating errors are committed to protect an employee suffering from personal problems, to avoid a confrontation with the employee, to acquire more recognition for the department or themselves, and to build a case for firing the employee. Various measures adopted by these organisations to minimise intentional and unintentional rating errors are: rater’s training, requiring cross-checks or reviews of ratings by other people, reducing the number of performance judgements a rater is required to make, and hiding scoring keys by using certain rating instruments. Compared to the private sector, many public sector organisations have not yet realised the importance of rater’s training in reducing rating errors, and nearly 30 per cent of these organisations have not taken any initiative to control rating errors. Only a few instances of legal disputes are reported that arose from unfair and unjust performance appraisals.

The views and perceptions of HR professionals reflected the trends and status of performance appraisal system in their respective organisations. Majority of them realised performance appraisal as one of the most critical, yet troubling areas of human resource management. More than 58 per cent of the HR professionals in the public sector reported the inability of their current appraisal system to deliver on any of its intended purposes. Many HR professionals in the public sector perceived that the raters, ratees, reviewers, and administrators of appraisal system are dissatisfied with the existing performance appraisal systems and procedures. Moreover, nearly 55 per cent of the public sector and more than 34 per cent of the private sector HR professionals felt that the managers have the tendency to resist and avoid the task of making formal appraisals, especially when critical judgements are involved.
More than one-third of the HR professionals in both private and public sector organisations confessed that the feedback to inform poor performers of performance deficiencies and to encourage improvement do not always lead to actual performance improvements. They also reported the non-existence of a formal appeal process to rebut rater judgements. Finally, it is realised by the HR professionals belonging to both private and public sector organisations that it is almost impossible to initiate or duplicate a performance appraisal programme of another organisation and achieve success.

The major organisational characteristics determining appraisal practices in the respondent organisations are the ownership pattern, nature of the organisation (manufacturing or service), ISO status, and the number of employees. These five organisational characteristics influenced the key dimensions of appraisal practices such as, uses of appraisal, frequency of formal appraisal, type of rating instruments used, and the rater and ratee training.

The sample survey of raters and ratees in the respondent units brought out certain interesting observations as their reactions to the operational aspects of performance appraisal system currently existing in their organisations. The sample size of raters included 399 managers in 52 respondent private sector units, and 243 managers in 31 public sector organisations in Karnataka State.

Compared to the public sector, many private sector managers perceived that a mandatory periodic appraisal would force the supervisor to face up to the problems of poor performance and deal with them. They also believed that different appraisal techniques
would be appropriate for different types of tasks or jobs. Many of these private sector managers also reported that they were properly and adequately trained to use the appraisal system currently existing in their organisations.

One of the major challenges faced by many private and public sector managers is to present an accurate appraisal to the subordinate and then to have the subordinate accept the appraisal in a constructive manner. Compared to the private sector, several public sector managers reported a lack of written documentation to use as an appraisal guide, lack of proper linkage of the appraisal system with the organisational objectives and strategies, infrequent performance feedback sessions, and a lack of proper and adequate communication to everyone involved in the appraisal process. They are also of the view that performance appraisal problems are not monitored regularly, and rather than motivating the raters, the current appraisal system left them discouraged and disgruntled.

Nearly 40 per cent of the private sector managers expressed their faith in the ability of their subordinates to appraise managerial performance. But more than 46 per cent of the public sector managers opposed the idea of subordinate appraisal.

Many private and public sector managers presented the positive qualities of the employee’s performance very clearly in their last performance feedback interview session. However, some of them are not at all comfortable to clearly discuss the negative aspects of employee performance. Compared to the public sector, greater proportion of managers in the private sector discussed the ways in which the employee could improve his/her performance in the future.
Nearly 42 per cent of the private sector managers reported that many job-related problems were discussed and cleared up during the last performance review.

The reactions of 567 ratees (399 managers and 168 workers) in the private sector and 354 ratees (243 managers and 111 workers) in the public sector reflected their attitude and behaviour towards the key dimensions of appraisal system and processes.

Unlike the ratees in the public sector, more than one-third of the private sector ratees expressed that their managers made them aware of performance standards well in advance, promotion criteria were clear and management communicated and consistently applied them, personnel decisions were made in congruent with the appraisal results, and management encouraged them to participate in developmental activities by providing various developmental opportunities. On the contrary, more than one-third of the public sector ratees felt that the performance standards and ratings tended to vary widely and often unfairly, raters were subjective and allowed their personal biases and prejudices to interfere in the appraisal of their subordinates, lack of apparent linking of appraisal results with the company's reward system, and the performance appraisal was used to control and punish the employees rather than to recognise and reward.

Many private and public sector ratees felt that self-appraisal would be most appropriate to use it as an employee development tool rather than to make administrative decisions. They also stated that complete anonymity is essential if subordinate appraisal is to provide valid and useful ratings. About 50 per cent of the ratees in
both private and public sector organisations opined that 360-degree appraisals would be useful for development and feedback purposes, and such multi-source appraisals would be most successful in organisations that offered open and participative climates, along with active career development systems.

Unlike the private sector, more than 50 per cent of the ratees in the public sector are almost unaware of the description of how the performance appraisal system is developed in their respective organisations, how they could get copies of the dimensions on which they would be appraised, how to interpret the feedback report, and what the ratings would be used for in their organisations, how to appeal their appraisal scores, the standards by which their appeal would be evaluated and finally judged, and the protection they would have against retaliation for challenging their appraisals.

As indicated by the ratees, the public sector organisations gave little importance to appraisal interview as reflected by only few minutes consumed to conduct performance feedback sessions. Moreover, these ratees in the public sector did not get any opportunity to clearly present their ideas and feelings in their last feedback interview session. Most of the ratees in the public sector do not experience many of the intended benefits of an useful performance feedback session as compared to their private sector counterparts. Greater proportion of ratees in the public sector reported inaccurate and unfair appraisals received by them in the recent past due to uncontrollable situational constraints. Most of these findings are in tune with the observations made by Locher and
Teel (1988), Longenecker and Goff (1990), and Bernardin and Klatt (1985).

IMPLICATIONS

The major managerial and organisational implications arising from the results and discussions of this study are briefly presented in the following section.

- Formal appraisals are most often required by the organisation for the purpose of employee evaluation. On the other hand, informal performance appraisals can occur whenever the supervisor feels communication is needed. Result-oriented organisations should encourage a mixture of both formal and informal appraisals. One possible strategy for an organisation might be to encourage frequent informal appraisal sessions between managers and employees, while limiting the formal and more labour intensive sessions to one or two every year.

- Organisations must choose the degree to which performance appraisals are to be objective (evaluating performance against specific standards) versus subjective (evaluating how “well” and employee performs in general). Although at first glance it may seem that objective measures would be the best strategic choice for an organisation, subjective measures can be helpful when

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identifying desirable characteristics that are difficult to quantify (e.g., communication skills or management potential). However, the formal performance appraisal should not contain only the subjective measures of performance.

Rating personnel characteristics – what people are – is neither illegal nor invalid, despite the problems typically associated with trait-based rating systems. The laws do not say personal characteristics such as initiative, dependability, interpersonal skills, or tact do not help determine success – managers know they do and use them – but rather that these characteristics require unambiguous, consistently applied, well-communicated, job-relevant illustrations and definitions. Developing a set of competencies is often a useful approach, as well as a valid one. From this it follows that sufficient care must be taken in deciding what type of performance is appropriate to assess for a specific job. Unless a clear link between traits and job effectiveness can be shown, trait-based appraisals should be avoided. In general, a fewer problems are associated with behaviour-and-results-based systems. A carefully constructed combination of behaviour-based and results-based approaches may be most appropriate for many jobs.

- Quantitative indices are used to supply some performance information in most organisations. Profits, sales, and costs are frequently cited as important measures for executives and managers. The acquisition and use of job-specific knowledge is considered important for professional positions. Attendance, quality, and quantity of output are important measures for non-executives.
Before choosing the methods of performance appraisal, HR professionals should examine two areas with special care: (a) various factors that can help or hinder the implementation of a particular appraisal programme, and (b) the appropriateness of the appraisal method for the specific jobs to which the appraisal system will apply. Organisations are moving towards increased use of behaviour based performance appraisals (instead of trait-based) developed through job analysis, which contributes to the validity of the process. Behaviour-based methods include behaviourally anchored rating scales, behavioural observation scales, and management by objectives.

There are numerous sources of appraisal information, and each provides a different perspective – a different piece of the puzzle. The ratings by superiors, peers, subordinates, self, and clients served will be useful for self-development of the appraisees. However, as far as personnel decisions and personal research are concerned, only ratings by superiors, peers, and clients served, can effectively be used.

Many organisations have adopted a more team-oriented focus, and in such a culture, the stress is on team management, teamwork, and more open and trusting relationships among all employees. In a team-oriented system, the traditional appraisal that rates one employee in comparison to others may be counter-productive. Such a system will engender competition rather than teamwork among employees. In such a setting, an appraisal system that emphasises coaching and development, and involves feedback from coworkers, may be more appropriate than the traditional supervisor-based rating.
• Performance appraisal policy decisions (e.g., whether to conduct formal appraisals, whether to link pay to performance) tend to be made at the corporate level in most organisations, but they are likely to be made at the business unit level in decentralised organisations.

• The process of performance appraisal is just as important as the particular method used. In order for any appraisal system to be used successfully, it must satisfy two basic requirements: (a) it must be relevant to the job(s) in question, and (b) it must be acceptable to both raters and ratees. Beyond relevance and acceptability, appraisal systems should be sensitive (that is, capable of discriminating effective from ineffective performers), reliable, and practical.

• Because performance feedback discussions often have the conflicting purposes of evaluating the employee's past performance and helping develop future performance, it is recommended that the performance feedback discussions should have two parts. The first is the “evaluation stage”, which provides information for administrative uses, such as pay-increase decisions, and presents base-line data for establishing future goals. The second stage is the “development stage”, and here the supervisor’s role shifts to that of a counsellor. The supervisor and subordinate work together towards performance improvement.

• The more a subordinate feels he or she participated in the feedback interview session by presenting his or her own ideas and feelings, the more likely is the subordinate to feel that the supervisor is helpful and constructive, that some current job-
related problems are cleared up, and that future goals are set. However, these conclusions are true as long as the appraisal interview represents a low threat to the subordinate, the subordinate previously has received an appraisal interview from the superior, he or she is accustomed to participating with the superior, and he or she is knowledgeable about issues to be discussed in the interview.

Furthermore, the more supervisors focus on the personality and mannerisms of their subordinates rather than on aspects of job-related behaviour, the lower the satisfaction of both supervisor and subordinate, and the less likely the subordinate is to be motivated to improve his or her performance.

Subordinates who see a link between appraisal results and personnel decisions are more likely to prepare for appraisal interviews, are more likely to take part actively in them, and are more likely to be satisfied with the appraisal system. Managers, in turn, are likely to get more mileage out of their appraisal systems by heeding these results.

- A few organisations spend considerable time in keeping records, completing forms, preparing for the appraisal interview, and delivering performance feedback. In fact, this is a relatively small amount of time spread over a long period, particularly when the performance of several employees must be recalled and reported. Clearly demarketing the limits of memory and recall should lead to processes, such as more frequent appraisals and systematic documentation, that will reduce reliance on memory.
• In most of the organisations, performance appraisal systems are designed primarily by human resource professionals with only limited input from the managers who use the system and virtually no input from employees affected by them. In light of the growing interest in employee and customer participation and involvement, it is essential to rely on more input from line managers, employees, and customers, while designing or revising appraisal systems.

• In spite of the recognition that a completely error-free performance appraisal can only be an idealised model (because one human being is trying to evaluate another human being), with all actual appraisals being something less than this optimum, one can certainly isolate a number of factors that significantly impede objective evaluation. The appraisal can lead to three outcomes, two of which are inherently bad; specifically, the employee is rewarded, not rewarded, or punished. As a result, most consequences for the appraiser of assigning accurate performance ratings are negative. Not surprisingly, then, many managers approach the appraisal event with reluctance and assign inaccurate ratings simply because there are so a few benefits inherent in giving accurate ratings and so a few penalties for assigning inaccurate ratings.

• Infrequent performance appraisals are most often due to the manager’s negative view of the process. It is quite understandable that an appraisal can be stressful for both the employee and the manager, especially when employee performance has been below expectations. Moreover, the manager may also view the performance appraisal process as an extra work and, thus,
burdensome. Regardless of the reasons, managers should be encouraged (possibly through rater training) to view the appraisal process as an opportunity to communicate with his or her employees, and as a means of improving performance and developing employees.

- Rater training is most likely to occur when new systems are introduced, and a few organisations provide rater training on an ongoing (yearly) basis. Rater training is most likely to focus on conducting appraisal interviews and providing feedback, proper use of the new forms, setting performance standards, recognising good performance, and avoiding rating errors. However, ratees receive virtually no training in how to best use the process to receive feedback or improve performance. More emphasis should be placed on training raters to observe behaviour more accurately and fairly, than on providing specific illustrations of “how to” or “how not to” rate.

- It is very common for the superior’s superior – the “secondary rater”, in some public sector organisations referred to as the “countersigning officer” – to review and approve the primary rater’s evaluation and interview comments. Such “countersigning” acts as a defense against carelessness, bias, inexperience or lack of commitment on the part of the primary rater (immediate superior). Furthermore, it creates an opportunity for the boss’s boss to add comments of his or her own, where an appropriate, usually in connection with career development and assessment of the employee’s potential for future development in the organisation.
• It remains uncommon for managers to be evaluated on how they manage the appraisal process. It is necessary to hold raters accountable for how they have managed the appraisal process. Most managers feel “fairness” as the most important performance appraisal issue an organisation face. They also tend to be very much concerned that the appraisal system be an effective tool to manage future performance, not just one that reflects past performance. There is an imperative need to regularly and systematically collect data to determine either the managers’ or the employees’ perceptions of fairness of the appraisal process, or the results obtained.

Performance appraisal systems may fail for a variety of reasons. Common problems with unsuccessful performance appraisal systems are (1) a poorly defined appraisal system, (2) a poorly communicated appraisal system, (3) an inappropriate appraisal system, (4) a poorly supported appraisal system, and (5) an unmonitored appraisal system.

The major criteria for a successful performance appraisal system include (1) built around clear objectives, (2) management and employee endorsement, (3) flexibility to adopt, (4) timing of an appraisal should be predictable, (5) performance dialogue, (6) an appropriate appraisal form, and (7) periodic system checks.

It takes time, effort, and money to develop, implement, and use a performance appraisal system. The benefits to the organisation of using the system must outweigh its costs. The appraisal system should also be relatively easy to use and should have a high degree
of employee and managerial acceptance. Even the best developed appraisal system is futile, if it is not used.

CONCLUSION

Few would argue that the design, development, and implementation of an effective performance appraisal system for an entire organisation, a department, or a work unit is one of the most difficult tasks faced by the managers and HR professionals in all organisations.

The frustration (and loss of credibility and power) of those in human resource department over performance appraisal is matched by that of the users – raters and ratees. Managers required to complete the ratings often see the appraisals as an another time-consuming, personnel-paperwork requirement, having little utility in solving such “real” managerial problems as meeting deadlines, containing costs, improving productivity, or deciding whom to promote. Subordinates being rated, often view the appraisal system as yet another indication of management’s capricious decision-making, subjectivity, and prejudice.

What remains as a considerable deterrent to performance appraisal system effectiveness, however, does not relate to psychometric properties of rating scales, information-processing characteristics of raters, or clarity of policies governing the system, but rather to failure to recognise the realities of managerial work, and organisational culture or an environment. Performance appraisal systems often clash with the way managers perform their tasks on a day-to-day basis, what degree of control they have, and other realities related to organisational life.
The performance appraisal systems typically require managers to plan extensively (e.g., setting objectives), interact formally with others (e.g., in/formal performance review sessions), adhere to prescribed systems (e.g., completing forms at a certain time each year), and take specific actions (e.g., promotion, pay increase). Performance appraisal also requires managers to relinquish the "superior" role to some extent in order to accept the "coach" role or to allow for participation in goal-setting or performance feedback discussions. Managers may not view their role as including such administrative or personnel functions as performance appraisal; there are HR professionals for these activities. In conflict with these performance appraisal requirements, studies of managerial work indicate that most managers prefer the non-routine, possess less than complete control over such decisions as promotion, and engage in activities of short duration. It is not wonder they seldom embrace a performance appraisal system — it clashes with the realities of their work and what they enjoy about their jobs.

Despite these shortcomings, managers are unwilling to abandon performance appraisal, for they regard it as an important assessment tool. What those designing, developing, and implementing performance appraisal systems in organisations must realise is that such systems cannot be successful unless they are consistent with the realities of managerial work and organisational environments. They must be "user-friendly" and "customer-driven". From this it follows that the design, development, and implementation of appraisal systems are not endeavours which can be effectively handled by following the latest fad or even by coping other

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organisations’ systems. An appraisal system has to be maintained by monitoring its operation through periodic evaluations. Only by keeping an appraisal system finely tuned will enable managers to have a rational basis for making sound personnel decisions.

**Directions for Future Research**

The present study has been confined to the description and analysis of key dimensions of appraisal system, processes and outcomes as reported by the HR professionals in-charge of designing, developing, and implementing performance appraisal systems in the respondent private and public enterprises in Karnataka State. In addition, this study also projected and highlighted the views and perceptions of the raters and ratees about the systemic and operational aspects of the current appraisal systems in their respective organisations. Finally, the findings convince that there is no “one best appraisal system” universally applicable, and the suitability and effectiveness of an appraisal system would be largely contingent upon the organisational and situational characteristics.

This empirical study offers some guidelines for further research in this field. First of all, the findings of this study cannot be generalised due to the differing circumstances and cross-cultural implications available in other settings. Hence, there is an imperative need to replicate this study elsewhere. Second, this study examined the nature of influence exerted by manufacturing and service sector units in determining the appraisal practices in a aggregate manner, and not by adopting a segment-wise (product/ service category) analysis. Future researchers, therefore, can examine in what way and why appraisal practices tend to differ across different product
categories (e.g., iron and steel, cement) and service type (e.g., healthcare, software).

Other areas of concern for the future researchers include: creating a taxonomy of "fit" between performance appraisal system characteristics and organisational environments, thereby prescribing most effective appraisal practices for particular organisational settings; how organisations tie performance appraisal practices to their underlying culture; the degree to which performance ratings drive pay decisions in different organisational settings; examining whether appraisal policies and practices affect perceptions of procedural and distributive justice both between and within employee groups; and examining the effects of different performance appraisal system designs or processes on employee attitudes and behaviours.