CHAPTER-II

REVIEW OF RELATED LITERATURE

2.1: Introduction

The performance appraisal activities enable determination of whether the employees’ performance accords with the established objectives and are primarily based on the appraisal of employees’ work results and activity (behavior), but also on their competence (skills, abilities and characteristics). To analyze the employees’ performance, diverse appraisal methods and their combinations are used. During the appraisal process primarily those work results are valued that create preconditions for their improvement in the future and enable differentiation between compensation, rates, thereby, on the one hand, diminishing equalization and on the other hand, increasing fair compensation. Evaluators often tend to attribute too much importance to the situational circumstances, regardless of whether they evaluate their own activities or the activities of others, especially when the results were not satisfactory. In order to avoid that, more appraisal interviews between the appraiser and the appraised should be used and special computer programs would be useful, enabling most efficient and accurate registration and evaluation of the information obtained during the appraisal (McHale, 2003). The decisions based on evaluation can be backed up by properly documented performance appraisals which can also include additional documentation in the form of a journal, notes, diaries and other materials (Crawford, 2003). Sullivan’s (2009) review on performance appraisal literature on international performance appraisals and contrasts it against the domestic performance appraisal literature. Specifically, it uses the domestic literature's well-established 3-step framework for employee appraisal systems, (namely, identifying performance dimensions, measuring performance, and managing performance) as a tool for identifying gaps in the international performance appraisal literature. International assignments are often used by firms early in their internationalization process, because it helps to establish initial operations abroad using employees known and trusted by the firm. Although myriad management challenges have been associated with international assignments, one of the key problems that remains is how to effectively evaluate and manage the performance of the international assignee.
It is essential for accurate judgments to be made if appropriate developmental opportunities are to be initiated. Yet, despite years of research addressing challenges related to this topic, there has been little effort to systematically compare international performance appraisal research with its elder, domestic cousin.

Since there is a vast amount of research, this chapter has been presented in eight different sections for clarity and clear understanding. The sections presented for review are:

a. Performance appraisal-supervisory and employee studies
b. Influence of demographic variables on performance appraisal
c. Performance appraisal, training and developmental issues
d. Predictors of performance appraisal
e. Performance appraisal in other countries
f. Best practices in performance appraisal
g. Critic on performance appraisal
h. Performance appraisal-related studies

2.2: Performance appraisal-supervisory and employee studies

Performance appraisals are a reality in organizations of all sizes and types. The process may take considerable time on the part of supervisors and may require subordinates to gather reams of information and prepare descriptions of their own performance. Some take the process very seriously, while others simply see it as a burden. Supervisors must be careful how they deliver the results, and subordinates must be careful how they respond. Relationships and trust may become permanently strained due to misunderstanding and miscommunication. The following are the studies related to supervisors and employees.

Cross-sectional analysis of federal employee opinions of their supervisors by Daley (1997) showed that they believed the following to be crucial supervisor responsibilities: performance appraisal, protecting the merit system from prohibited practices, and enhancing employee job satisfaction and intrinsic motivation. Interpersonal affect, a like-dislike relationship between a supervisor and his/her subordinate, has traditionally been conceptualized as a source of bias in performance appraisals. However, some researchers have argued that affect may not be a bias,
especially where it develops as a result of past performance. In a field study by Verma and Pichler (2007), using data from 190 supervisors, we further delineate the relationship between affect and performance ratings. Both affect and performance level were found to have significant effects on performance ratings. Results also indicated that raters are able to separate their liking for a subordinate from actual performance when assigning performance ratings, suggesting that affect may not operate as a bias in the appraisal process.

According to Varrna, Farias, Stroh and Afzalurroh (1999) the impact of the supervisor's performance on the ratings given to subordinates, especially high-performing subordinates. Using tenets of the Leader-Member Exchange (LMX) theory, the authors present a process model arguing that supervisors who are low performers are unlikely to provide fair ratings to their high-performing subordinates, as they might view these subordinates as threats. One of the key propositions of LMX is that supervisors do not treat all their subordinates equally, and they form "in-groups" and "cut-groups" among their subordinates. The authors propose that low-performing supervisors relegate high-performing subordinates to "cut-groups." In such a scenario, the authors urge that close attention be paid to developing performance appraisal systems that are fair to high-performing subordinates.

Kacmar, Wayne, and Wright (2009) indicated that while impression management tactics were exhibited and feedback provided by the supervisor each had a significant main effect on subordinate ratings of the supervisor, they did not interact with one another. This lack of an interaction indicated no support for the predicted overload effect that could have been created by both positive feedback and impression management tactics being present. Gioia and Sims (1986) investigated managerial attributions and the observed verbal behaviors of managers and subordinates when 24 experienced managers (mean age approximately 40 yrs) each interacted with 4 different subordinates (mean age approximately 25 yrs) in a simulated performance appraisal setting under different conditions of work history and performance for a total of 96 interactions. Managerial attributions were measured before and after the interaction. Conversational behaviors of both managers and subordinates were recorded on videotape and coded into verbal categories for analysis. Results show distinctly different patterns of managerial attribution and verbal behavior for the
subordinate performance failure condition when compared with the success condition but no response to the work history information cue. In particular, managers tended to probe for the cause of failure by asking attribution-seeking questions of the subordinates. The face-to-face interaction resulted in an attributional shift toward leniency by the managers, who assigned less blame for failure and more credit for success after the interaction. The conversations were marked by reciprocal task information exchange, evaluative behavior, and in the case of low performance, overt verbal attributions by the subordinates in response to the managers' attribution-seeking questions. Inter-coder reliability tables and the coding format are appended.

According to Careless, Mann and Wearing (1998), 360-degree feedback, that is the practice of using multiple ratings in the assessment of individuals, has become a popular assessment tool for purposes of management development and performance appraisal. They examined the strength of agreement (correlations) between different raters of branch managers in a large Australian bank. The raters were 249 branch managers (aged 23-58 yrs), the managers' superiors (n - 66), and subordinates (n = 498). Raters assessed the target managers on transformational leadership and work performance. The second aim was to examine the influence of 3 variables on the level of agreement between manager and subordinate ratings; these were age of the manager, level of performance of the manager, and extent of acquaintance between manager and subordinate. Consistent with previous research, the results showed a low agreement level between the 3 sources on ratings of manager's leadership and work performance. However, there was also a moderate agreement between pairs of subordinates. Level of agreement was influenced by manager's performance, but not by extent of acquaintance, and inconclusively by the age of the manager.

Greller (1998) examined data from 137 employees on their level of performance during appraisal reviews conducted by 38 managers to assess: (1) whether participation in the review is process specific to the situation or a characteristic of the manager, and (2) how the subordinate's experience moderates the impact of participation. Results show that participation in the review was influenced more by which manager conducted the review than the circumstances of the specific review. The effect of participation was greater for variables measuring future relationship (potential in the firm and seeking feedback from manager) than immediate decisions.
reaction to the review was moderated by subordinate experience and prior feedback. The results indicate the importance of understanding the context in which the review occurs and the limited degree to which managers alter their own behavior in the review.

The interpersonal affect, a like-dislike relationship between a supervisor and his/her subordinate, has traditionally been conceptualized as a source of bias in performance appraisals. However, some researchers have argued that the interpersonal affect may not be a bias, especially where it develops as a result of past performance. In this field study, using data from 190 supervisors in the US and 113 supervisors in India, Verma, Pichler and Srinivas (2005) delineated the relationship between interpersonal affect and performance ratings. In both samples, interpersonal affect and performance level were found to have significant effects on performance ratings. Results from the US sample indicated that raters are able to separate their liking for a subordinate from actual performance when assigning performance ratings, suggesting that the interpersonal affect does not operate as a bias in the appraisal process. Results from the Indian sample, however, suggest that supervisors inflate ratings of low performers, suggesting that local cultural norms may be operating as a moderator.

Hogan and Shelton (1998) presents a perspective on the relation between personality, job performance, and performance appraisal. The article is largely descriptive and discursive, but the key assumptions are primarily data-based. Personality is defined in terms of motivation, identity, and reputation-as opposed to traits. The role of social skills in allowing people successfully to pursue their major occupational goals is described. Finally, it is suggested that performance appraisals reflect supervisors' judgments of rewardingness-the degree to which an incumbent meets or fulfills his or her boss's expectations regarding his or her performance-and these expectations may not necessarily concern the degree to which important organizational goals are met.

The attitudes of twenty-nine managers toward performance appraisal and toward their organization were used to predict differences in mean ratings and measures of discrimination among ratees and performance dimensions (Tziner & Murphy, 1999). Substantial multiple correlations were obtained for all three dependent variables (between 32 and 46% of the variance in each measure was explained), and several individual correlations were statistically significant. Raters who showed low levels of
confidence in the appraisal system, high levels of discomfort, or high levels of instrumental commitment were more likely to provide ratings that were unusually high or that did not discriminate well among ratees and/or dimensions. Raters who showed higher levels of attitudinal commitment or who perceived more risks associated with distorting ratings tended to provide lower ratings and to discriminate among ratees and/or dimensions.

Mathews (1985-86) surveyed human services supervisors and supervisees in 2 cities using a revised version of the instrument used by A. Kadushin (see PA, Vol 52:7744) to assess performance appraisal practices, power dynamics, and criteria for and attitudes about appraisal. The findings of the present study are compared with Kadushin's findings and with the pertinent literature. It is concluded that (1) performance appraisal in social work is important; (2) it has become more widely practiced and more formal than was the case in 1974; (3) there are significant differences in the experience of performance appraisal depending on whether one is a supervisor or supervisee; (4) interpersonal attraction, the quality of the supervisor-supervisee relationship, and attitudinal similarity affects the balance of power between supervisor and supervisee; (5) for more than 80% of the S’s in the present study, criteria for performance appraisal are provided prior to evaluation; (6) staff generally have a positive attitude toward appraisal; and (7) major sources of dissatisfaction are the absence of sufficient constructive criticism and lack of opportunity to assess the supervisor.

Fried et al (1999) hypothesized that raters' tendency to deliberately inflate performance appraisal ratings of subordinates would be associated with rater negative affectivity (NA) and 2 characteristics of the performance appraisal context: documentation of subordinates' work behaviors and appraisal visibility. It was further hypothesized that interactions among these variables, such that high-NA, but not low-NA, raters would be more likely to inflate ratings under conditions of low documentation and high appraisal visibility. Moreover, it was predicted that NA would be associated most strongly with rating inflation when documentation was low and appraisal visibility was high, simultaneously. Results from a sample of 148 supervisors from a variety of organizations support these hypotheses, indicating that the tendency to inflate ratings is associated with high rater NA, low documentation of
subordinates' work behaviors, and high appraisal visibility. Moreover, the results also support the predicted interactive effects among these variables.

Ivancevich (1982) compared the effectiveness of 4 appraisal interview conditions with 60 corporate research team leaders and 203 subordinates. Three training conditions (feedback, feedback plus assigned goal setting, and assigned goal setting) and a control group were randomly structured for the team leaders. Pre- and post-training evaluations of subordinates' reactions to appraisal interviews were obtained. The pre-training responses were factor analyzed, and 5 appraisal interview reaction factors emerged: Equity, Accuracy, Clarity, Motivational Impact, and Anxiety. MANOVA, t-tests and the Scheffe test indicated that some of the training interventions were superior to the control group with regard to Equity, Accuracy, and Clarity. Subordinate anxiety was higher in the 2 groups in which the leaders used assigned goal setting.

Tyler (1982) mailed questionnaires to the directors of state personnel offices, resulting in responses from all 50 states. Findings indicate that some personnel officers felt that the performance appraisal as a communication technique between supervisors and subordinates was more important than other uses of appraisal. It appears that the traditional trait- or person-based rating scale is no longer the predominant appraisal technique required or recommended by state governments.

Mount (1983) administered Questionnaires to 612 managers and 1,550 employees in a large multinational corporation to assess satisfaction with various aspects of a performance appraisal system. Comparisons of managers' and employees' satisfaction were made by conducting factor analyses for each sample. Results indicate moderate similarity between the 2 groups. However, employees perceived certain aspects of the appraisal system in a global way, whereas managers differentiated among various components and saw them as distinct entities. The relative importance of the factors also differed between the 2 groups. The largest portion of variance accounted for in the employee sample pertained to general satisfaction with the system, whereas for managers it pertained to the types of ratings made on the appraisal form. Results are discussed in terms of the different perspectives managers and employees have in the appraisal process.
Moore (1984) describes a before and after approach to employee performance appraisal based on 12 competence factors: problem-solving and decision-making, adaptability to change, time management, planning and organizing, creative contributions, self-management, trouble shooting, interpersonal effectiveness, interpersonal communications, job knowledge, quality of work, and quantity of work. 88 clerks and secretaries rated themselves and were rated by their trainers on the 12 competence factors pre- and post training. Compared to 29 controls (office employees and supervisors), trainees reported dramatic gains on all 12 competence factors following training. It is concluded that the pre-training competency profile enabled trainees to identify their areas of greatest and least competence. Identification of these areas helped them form their own objectives for the program and enabled the trainers to assess the learning needs of the group.

Ilgen, Peterson, Martin, and Boeschen (1981) sampled 60 supervisor-subordinate pairs before and after annual performance appraisal interviews were used to discuss the subordinates' goal accomplishments over the past 12 months. The pairs were randomly selected from exempt employees of a wood-products industry headquartered in the Northwest. Data show little agreement between superiors and their subordinates on pre-appraisal conditions of interest but moderate agreement on the affective orientation of the interview, objective qualities of it, and the nature of subordinate performance. However, in spite of the agreement across pairs on the pattern of performance discussions (reflected by supervisor-subordinate correlations), they did not agree on the level of performance; mean differences between the groups still existed after the sessions.

Finn and Fontaine (1984) examined the performance appraisal system of a large, complex human services department of a state government. Interviews with managerial and professional employees (43 managers who appraised other employees and 68 subordinate managerial or professional employees on whom appraisals were conducted) were carried out. Questions focused on attitudes toward and experiences with the performance appraisal system in use and perceptions of important work-related matters dealt with in a post appraisal interview (part of the evaluation procedure). Data reveal a pronounced negative attitude toward the system and evidence that the system was not producing constructive outcomes. Analysis of
interview data provided insights into some of the problems, dynamics, and dilemmas that organizations should attend to when designing performance appraisal programs. Among the issues derived therein were the perception by both parties of the post appraisal interview as stressful and nonproductive, the expression of performance expectations in terms of process matters instead of tasks, the influence of complaints by 3rd parties on evaluations, and the traditional perception of performance appraisal as a "one-way street" in terms of the implicit assumption that enhanced effectiveness will result from subordinates' and not superiors' efforts.

Kamalanabhan and Kaliappan (1985) investigated the difference between self-appraisal (SAP) and performance appraisal (PAP) among 52 specialist officers (SO’s [consisting of 22 chartered accountants, 18 agricultural officers, and 12 technical officers]) in a nationalized bank. A 14-item job knowledge questionnaire was developed for each group of SO’s based on the nature of their work; S’s were also administered a personalities questionnaire measuring 16 traits (e.g., intelligence, general ability, leadership, motivation). Results show no significant difference between SAP and PAP among the 3 groups of SO’s.

Laud (1984) surveyed 267 employees (e.g., vice presidents, directors, managers) of Fortune 1300 corporations regarding such areas as the value of performance appraisal systems in management development, the link of performance appraisal to career planning, long-term strategic succession planning, and compensation systems. Results indicate that most of the companies surveyed underappreciated the role of the appraisal system and its link to strategic management development for systematically improving individual and organizational performance.

Dorfman, Stephan and Loveland (1986) examined whether appraisal interviews have identifiable characteristics that correspond to administrative and developmental functions and whether specific behaviors associated with developmental and administrative appraisal behaviors are related to employee satisfaction and motivation. The relationships between supervisory behaviors during appraisal interviews and subsequent job performance and between supervisors' evaluations of their subordinates' performance and the appraisal behaviors of the supervisors were also studied. 121 supervisors from a university were matched with one of their subordinates, and the 121 pairs completed questionnaires on appraisal behaviors.
Analyses suggested that supervisors supported highly rated individuals and emphasized improvement effects for poor performers. Support in the appraisal review was associated with higher levels of employee motivation, while discussing pay and advancement was associated with employee satisfaction. Improvement efforts by supervisors did not influence job performance 1 yr later.

Mount and Michael (1984) administered questionnaires to 222 managers and 368 employees to assess satisfaction with a performance appraisal system and the appraisal discussion. In addition, overall experience with the appraisal system and the quality of the appraisal discussion were analyzed. Results show that managers were more satisfied than employees with most aspects of the appraisal system. Aspects relating to satisfaction with the appraisal discussion were different from those related to the overall appraisal system. Differences in perceptions of the appraisal process were related to differences in the roles played by Ss in the process. Managers received 24 hours of orientation and training, while employees were given a 15-page brochure when the system was introduced. Providing a copy to the employee, tying the performance discussion to the employee's career, and perceiving the forms as a means to discuss performance substantiated the aspects of the systems that helped employees.

A policy-capturing and clustering procedure was used to describe the performance rating behavior of the supervisor and subordinates in an intact work group by Hobson, Mendel and Gibson (1981). 19 faculty members and the chairperson of a psychology department rated 100 hypothetical performance profiles. Regression analysis of these ratings was employed to define a statistical rating policy for each S. Results indicate that (a) S’s were very consistent in making their ratings, (b) meaningful differences in rating orientations existed, and (c) the methodology can be very useful for objectively examining the criteria used in making performance evaluations.

Waldman, Bass and Einstein (1987) examined the extent to which transactional and transformational leadership practices are related to the attitudinal and rated performance outcomes of a performance appraisal process. 256 managers (mean age 46.5 yrs) in a large business organization served as S’s. Transactional leaders practice positive or negative reinforcement; transformational leaders work to address subordinates' need for growth and self-actualization. Results indicate that only aspects
of transformational leadership were related to performance appraisal scores. The contingent reward factor of transactional leadership, as well as all factors of transformational leadership, was related to satisfaction with performance appraisal processes. Management-by-exception was associated with lower satisfaction. Conclusions were drawn regarding the need for active transactional and transformational leadership in the performance appraisal process.

Bradley and Pursley (1987) studied behaviorally-based rating scales (BBRSs) used by supervisors in assessing patrol officer performance. Ss were 124 personnel in a medium-sized city in the south central US. A BBRS was administered to the S's, and it provided the rater with examples of employee behavior on a series of quantitatively determined scales: job knowledge, decision making, dependability, initiative, equipment use, communication, demeanor, and relations with others. The BBRS was examined for problems of leniency, central tendency errors, and the tendency to rate based on a global impression of the ratee. The BBRS ratings were strongly related to performance, as measured by 2 alternative methods: supervisory and peer ratings. The results indicate the feasibility of using behaviorally-based, supervisor-administered rating scales to evaluate the effectiveness of municipal police patrol personnel.

Mount and Thompson (1987) studied the effects of cognitive categorization of raters on accuracy, leniency, and halo of performance evaluations were investigated in a field setting. One hundred seventy-four subordinates evaluated the performance of their managers on three performance dimensions. Managers were categorized as congruent or incongruent based on subordinates' perceptions of the extent to which the manager's behavior met the subordinates' expectations. The results indicated that the quality of ratings assigned by subordinates was related to the cognitive categories used. As hypothesized, ratings of managers who were categorized as congruent were found to be more accurate and also to contain more leniency and halo tendency than the ratings of managers who were categorized as incongruent. Implications of these findings for performance-appraisal research are discussed.

Martelli (1987) investigated the relationship between participation in supervisory training and managerial performance. S’s were 23 1st-line male supervisors who had participated in management training programs (MTPs) during their last 12-mo performance appraisal cycle. Results suggest that organization-sponsored MTPs had a
doubtful relationship to supervisory performance. Participation in outside education and self-development programs was more significantly related to managerial success.

Seddon (1987) demonstrates how cultural assumptions are inadvertently exported or imported when performance appraisal is introduced in organizations in developing countries. The impact of cultural assumptions on the superior/subordinate relationship is explored by means of a case study and data collected from senior executives from developing countries attending courses at British universities.

Kleiman, Biderman and Faley (1987) identified factors related to 103 White and 24 Black female and 98 White and 9 Black male employees' perceptions of the accuracy of performance ratings made using a subjective rating system. Analysis yielded factors dealing with (1) Ss' confidence in their supervisors' qualifications to accurately rate their performance, (2) matters related to a discussion of appraisal outcomes (i.e., rewards and career progress), and (3) the relevance of the appraisal instrument. The measure of perceived fairness and accuracy was regressed onto scores derived for 3 factors and for race/sex and demographic variables. Factors 1 and 2, race, and supervisory status were related to perceived fairness and accuracy.

Study by Orpen (1995) on performance appraisals of 135 employees which were conducted by immediate supervisors and measures of relationships with supervisors and perceptions of the effectiveness of goal setting. The impact of goal setting was strongest on poor performers and on those who had poor relationships with supervisors.

In a study of performance appraisal Davis and Verma (1993), extension agents (n=588) perceived the process to have several limitations or deficiencies. They suggested the following: supervisors conducting evaluations should be trained and retrained; agents should be evaluated on the range of duties they perform; and the process should promote personal and professional growth. Taylor et al (1995) extended research on procedural justice by examining effects of a due-process performance-appraisal system on (government) employees' and managers' reactions. Employee-management pairs were randomly assigned to either a due-process appraisal system or the existing one. Although due-process employees received lower evaluations, both employees and managers displayed more favorable reactions.
Performance appraisals of 135 employees were conducted by immediate supervisors and measures of relationships with supervisors and perceptions of the effectiveness of goal setting were taken (Orpen, 1995). The impact of goal setting was strongest on poor performers and on those who had poor relationships with supervisors.

In a nutshell, periodic performance reviews are critical and essential. An organization's performance appraisals are hard-pressed to find good reasons why they can't dedicate an hour-long meeting once a year to ensure the mutual needs of the employee and organization are being met. Performance reviews help supervisors feel more honest in their relationships with their subordinates and feel better about themselves in their supervisory roles. Subordinates are assured clear understanding of what's expected from them, their own personal strengths and areas for development and a solid sense of their relationship with their supervisor. Avoiding performance issues ultimately decreases morale, decreases credibility of the management, decreases the organization's overall effectiveness and wastes more of the management's time to do what isn't being done properly. Giving performance feedbacks by supervisors to subordinates, especially if the subordinates have performed poorly is usually never a palatable activity and thus many supervisors will avoid doing it if they have a choice (Fried et al., 1992). The impact of such feedbacks is however not restricted to the subordinates and the relationship between the duo, it could also be a source of psychological pressure on some supervising officers.

2.3: Influence of demographic variables on performance appraisal

Though not much of focus is given on influence of demographic variables on performance appraisal, the researcher was interested in exploring the influence of at least few selected demographic variables on performance appraisal phenomenon. A thorough search in the literature did not yield much information. The available studies have been summarized below:

While studying the influence of demographic variables on performance appraisal, Lavigna (1992) found that demographic characteristics (grade point average, degree level, college quality, major, work experience, and recruitment source) were correlated with performance appraisal scores of 564 entry-level public employees.
Although most agency managers surveyed believed performance was linked to those characteristics, grade point average was the only significant predictor of score.

Russel and Rush (1987) studied 160 female and 160 male undergraduates acting as supervisors provided performance evaluations and attributions for a poor-performing stimulus employee depicted as male or female and as either single or married with 3 preschool-aged children. Findings reveal no significant differences between male and female evaluators; however, there was a significant interaction of employee sex, marital/parental status, with married mothers being evaluated the most favorably and single females the least. Raters perceived external, uncontrollable factors as causes of the married mother's poor performance and internal, controllable factors as reasons for the poor performance of other employees, particularly the single females'. The importance of investigating the influences of extra-organizational factors on the performance appraisal process is emphasized by the authors.

Shore and Thornton (1986) investigated the effects of supervisors' and subordinates' genders on self- and supervisory ratings in an organizational setting. S’s were 35 male and 35 female assemblers in a large electronics manufacturing company and their supervisors (19 male, 19 female). Results from job performance appraisal questionnaires indicate that subordinates' self-ratings were higher than their supervisors' ratings of them and that gender did not affect the relationship between self- and supervisory ratings. Results are compared to prior research findings (involving novel situations in laboratory settings) that indicated gender differences, with women providing lower self-ratings and higher ratings of others than men. The present results suggest the absence of gender differences in ratings on familiar tasks in real work settings in which performance feedback is available.

Pazy (1986) studied controlled performance attributions in situations that required direct male-female comparison to determine whether the pro-male bias in evaluation and treatment persisted when such a control was used. 48 middle-level managers (mean age 39 yrs) from a variety of organizations in Israel reviewed performance appraisal material of fictitious male and female employees whose work success was attributed to the same causes. For each fictitious employee, dimensions were presented relating to various aspects of ability, effort exertion, and difficulty of tasks assigned. Although attribution influenced decisions, the pro-male bias did not
disappear. Despite identical causes provided, males were consistently ranked higher than females. It is argued that the methodology in the sex-linked bias research should use (1) direct male-female comparison, (2) mixed-sex sets of stimulus persons, and (3) ranking formats rather than rating formats.

A study by Rosen, Jerdee and Lunn (1981) on 79 college business administration students who reviewed completed performance appraisal forms and other personal data and arrived at recommendations with regard to employee retirement. Three independent variables--performance appraisal format (trait scales, behaviorally anchored rating scales, or management by objective reports), employee age (58, 65, or 69 yrs), and performance level (high, medium, or low)--were manipulated. Significant age of employee effects were found, with the 69-yr-old employee receiving the least favorable treatment. Age effects on retirement decisions tended to be very similar regardless of the type of performance appraisal format used. Significant performance effects were also found, and high performers were judged to be fit to continue regardless of age.

Yager (1981) defines performance appraisal, performance review and planning, and their applications. It is suggested that the management must decide what information is needed and what decisions will be based on that information and then devise separate systems that (1) provide the precise information needed by the organization or by the employee; (2) emphasize feedback and build relationships between managers and subordinates; (3) avoid a once-a-year, form-filling-out chore; and (4) separate ratings of performance, potential, promotability, and pay as separate decisions that are arrived at using different comparisons and inputs.

Daley (1984) investigated gender-related differences and their possible effects on personnel management are of serious concern to both academician and practitioner. Key items were drawn from the Federal Employee Attitude Survey, developed by the US Office of Personnel Management (1979), concerning organizational role, motivational factors, and performance appraisal systems and administered to 340 Iowa state employees to examine attitudes important to administration and the impact of gender vis-a-vis these attitudes. 54% of the respondents were female. Findings indicate that although some minor differences were discovered (indicating potential problems for the future), for the most part there was no evidence of any salient
gender-related differences. Areas of future concern may focus on the perception of unrewarded performance that women are beginning to develop.

Wexley and Snell (1987) conducted a longitudinal field study of 18 female and 2 male sales managers and 80 of their subordinates (64 female and 16 male salespersons) employed by a medium-sized department store in Michigan to investigate the role of managerial power in performance appraisal interviews. Subordinates were administered questionnaires 3 mo prior to and immediately after appraisal interviews, and managers were administered questionnaires 3 mo after the interviews. Data were collected on the perceived effects of positive, coercive, and legitimate exertion of power. Results indicate that (1) managers perceived as exerting positive power tend to be described as participative in goal setting and less critical during interviews; (2) managers perceived as exerting coercive power are viewed as less participative; (3) all 3 types of power are related significantly to the subordinates' reactions to feedback; and (4) only power perceived as legitimate relates to attempts to improve performance.

A study by Tsui and Gutek (1984) on 217 male (mean age 43.2 yrs) and 78 female (mean age 37.6 yrs) middle level managers in a multicompany corporation and 1,174 of their superiors, subordinates, and peers completed measured assessing the managers' perceived performance effectiveness, affective relationships, and career success. The latter included 5 variables to measure the manager's satisfaction toward the work itself, advancement, superiors, subordinates, and peers. 231 of the managers also completed a follow-up survey at 18 mo. Findings do not reveal a pro-male bias among middle managers in this organization. Female managers were rated as favorably as, if not more than, their male counterparts. They also obtained similar ratings in the organization's formal performance appraisal system. The only main effects observed for sex were that female managers reported a higher level of job satisfaction than did males, and peers expressed a more favorable affect toward the female managers regardless of the females' backgrounds. It is suggested that the external validity of findings of sex bias from laboratory studies with college students should be more carefully evaluated than has been done previously.
2.4: Performance appraisal, training and developmental issues

Training prepares employees to improve performance on present jobs and is usually regarded as an expense item necessary to make the organization more effective and to increase productivity. Training can encourage employee commitment and participation if the method selected is the most appropriate for the situation. Choosing the best approach provides an important link between people management, employee satisfaction, and results (Oakland and Oakland, 1998). This relationship, however, is tricky because individuals have different education and training needs. Conventional reactions to training have been associated with employee satisfaction, but generally unrelated to subsequent job behavior (Warr, Allan & Birdi, 1992). The most used methods of training include orientation for new employees, in-house training, and continuing education. Training for new employees is used primarily to familiarize them with products, services, and facilities, as well as the structure of the organization. It is also used to help new employees develop an understanding of organization’s policies and procedures. As middle managers provide coaching and mentoring to new employees during this orientation period, they use the opportunity to communicate work expectations that leads to a more realistic view of the job (Smith, 1998). This, in turn, motivates employees to apply the materials learned. In-house training, also known as on-the-job training is usually under the guidance of an experienced supervisor or professional trainer and relies on one-on-one coaching, hands on demonstration, and practice. In-house training, however, cannot be entirely successful unless the method selected is appropriate for the situation and the level is suitable for the trainees (Fowler, 1995). This type of training is obviously relevant to the job but may prove costly to the organization in customer relations, errors, and damage during training.

Wentling and Palma (1997) indicated that the best strategies for managing diversity were training, organizational policies that mandate fairness and equity, mentoring programs, nondiscriminatory performance appraisal, outreach programs, and career development programs. Major goals of diversity training were to increase organizational and personal effectiveness. According to them non-discriminatory performance appraisal is one of the strategies for diversity initiatives in the Workplace.
Martin and Bartol (1986) outlines the major elements that should be included in an effective performance appraisal (PA) training program. Since the rater is the main interface between the PA system and the ratee, behaviors of the rater will have a strong bearing on the ratee's reaction to the system and his/her subsequent performance. Raters need to acquire a thorough understanding of the usefulness of PA as a management tool. Training is necessary regarding the specific characteristics of the PA system used in the organization, including the appeals process. Raters must be able to set meaningful performance standards and should learn to avoid common psychometric errors and to gather appropriate information. Training is necessary to assist raters in their roles as leaders and coaches within the PA framework.

Kirkpatrick and Donald (1986) address questions regarding performance appraisal programs often asked by human resource development (HRD) professionals, who are responsible for developing and implementing the programs, and managers, who make the appraisals and conduct the interviews. Some of the questions asked by HRD professionals include whether one program with one set of forms and procedures can provide information for salary decisions and improve the subordinate's performance, what the essential ingredients are of an effective performance review program, and what the difference is between standards and objectives. Questions asked by managers include why subordinates do not like performance appraisals, how managers can be sure they are being fair, and when the best time is to conduct an appraisal interview.

According to Stevens (1996), career development has become important in organizations struggling with restructuring and its effects on employees. Employees now understand the process as a way to gain employability skills in order to obtain different jobs within their companies or elsewhere. Career development often takes place in workshops, although many people prefer a more private setting, at least initially. Self-assessment tools can be used, but they should avoid any association with tests. A range of career-learning material should be offered, such as self-help libraries and software systems such as DISCOVER, Career Builder, or System of Interactive Guidance and Information (SIGI) PLUS. The best workshop design seems to be 2 consecutive days followed up with a day 5-8 weeks later. An external career trainer should lead the workshops, rather than an internal trainer. Managers should undertake the process first so that they can learn to be career coaches for their
employees. Employees should be encouraged to develop their self-knowledge and then to develop knowledge of other jobs they might like. Although employers fear that most employees will ask for promotions, most employees actually want more variety and more opportunity to learn in their jobs. Mentoring support can be helpful, and bottom-up succession planning is more useful than the older top-down method. Some reasons for the failure of career development programs are as follows: they focus on the needs of only a portion of the employee population with an organization; they rely on inadequate methods of self-assessment measurement; they avoid a systems approach; they depend on workshops as the only learning media; upper management has not been part of the process before implementation; and performance appraisal discussions have been mixed with career review discussions. Today's organization is not the authoritarian vertical hierarchical type; employees need career development programs to react to the changing needs of the organization and the marketplace.

According to Gordon (2009), despite its acknowledged importance, performance appraisal (PA) continues to be one of the most persistent problems in organizations, especially the appraisal interview (AI) component of PA, for which many techniques have been attempted with only mixed success. The authors conceptualize the AI as a "conversation about performance" and draw on an extensive review of the communication literature to identify the discursive resources available to the organization, the appraiser, and the appraisee for improving the preparation for and conduct of a conversation about performance. The authors' conceptualization extends research on PA’s by identifying methodologies and conceptual underpinnings with connections to interpersonal, organizational, and mass communication scholarship.

Sims, Veres and Heninger (1987) address management's need to train supervisory personnel in the use of employee performance appraisals. First, the application as well as the usefulness of the appraisal system is described in relation to recent litigation concerning discrimination charges. Various approaches to employee evaluation are explored, and recommendations for effective training of supervisory personnel in implementing appraisal systems are presented. These recommendations take into consideration often neglected factors, such as employee motivation, employee
aptitude, and employer-employee interaction. An outline of a 1-day performance appraisal workshop is appended.

According to Hyde and Smith (1982) training programs for performance evaluators and evaluatees have generally used a model that incorporates 4 phases: orientation to the new system, analysis of evaluation methods and errors, opportunity to practice performance appraisal, and evaluation of training results. Although training may have an impact on reducing subjective errors in evaluation, the impact on other systemic problems will be minimal. Specifically, well-constructed training programs will find it difficult to change problems involving conflicting objectives, varying rates of motivation, time delays, and organizational system incongruencies.

College and university strategic planning works are best when staff performance appraisal and development are used together to bring about both organizational and individual change. However, these must be more than bureaucratic exercises unrelated to daily staff management. Individual staff must be able to see themselves as important in carrying out the organization's plan (Lewis, 1996).

Over the past four decades, women have made substantial gains in labour market participation and employment-related achievements. These successes have coincided with anti-discrimination legislation and workplace policies as well as a greater acceptance of the pregnant body in public spheres, resulting in larger numbers of women maintaining paid work throughout their pregnancies. Despite these gains, there is substantial empirical evidence that women continue to be restricted and disadvantaged in the workplace and do not participate equally with men because they perform the unique reproductive function of bearing children (McDonald, Dear & Backstrom, 2008).

When designing training and development programmes aimed at preparing managers and subordinates for all forms of performance evaluation, it is critical to ensure that individual discomforts arising from such evaluations are thoroughly addressed and that organisations become more interested in nourishing a highly confident employee with significant self-belief and the appropriate environment.
2.5: Predictors of performance appraisal

Employee acceptance is a critical component of an effective performance appraisal system. Research in organizational behavior clearly demonstrates that employee attitudes influence behavior, and participant attitudes toward performance appraisal systems are no exception. The attitudes of system participants play a key role in both the short and long term success of a performance appraisal system. The goal of this research is to identify the characteristics of municipal government performance appraisal systems that are associated with perceived employee acceptance as reported by a national sample of municipal government personnel officials. Performance appraisal systems are but one component of an overall system of human resources management that is designed to enhance employee effectiveness. The key is the proper design and administration of the system in order to benefit both employees and management. Performance appraisal systems are employed to serve a host of administrative and developmental purposes from providing specific performance feedback to generating information for merit pay, promotion, demotion and other personnel decisions.

Using establishment data from the Australian Workplace Industrial Relations Survey, Brown and John (2005) estimated the determinants of performance appraisal systems. The results indicate that performance appraisal is associated with workers having shorter expected tenure and greater influence over productivity. They argue these results reflect those circumstances in which the net benefits of performance appraisal are likely to be the greatest. The results also show that complementary human resource management practices, such as formal training and incentive pay, are associated with an increased likelihood of performance appraisal, but that union density is associated with a reduced likelihood of performance appraisal.

Keaveny, Inderrienden and Allen (1987) assessed multidimensional aspects of the performance appraisal interview and the effect on employees' satisfaction with and perceived effectiveness of the interview, using questionnaire data from 312 university employees. Results support combining judgmental and developmental components of the interview. Raters' and ratees' participation and focusing on past and future goals were important predictors of the outcome measures.
According to Addison and Belfield (2008), first, performance appraisal is negatively associated with tenure: where employers cannot rely on the carrot of deferred pay or the stick of dismissal to motivate workers, they will tend to rely more on monitoring, ceteris paribus. Second, employer monitoring and performance pay may be complementary. However, consonant with the disparate results from the wider literature, there is more modest agreement on the contribution of specific human resource management practices, and still less on the role of job control.

Robert (1998) explored critical issues and emerging trends in performance appraisal, issues that are enduring and several "cutting edge" developments. A convenience sample of 18 personnel managers and supervisors served as a de-facto focus group to test whether issues in the literature are salient and relevant to practitioners and to provide specific examples that illustrate the range of opinions regarding the controversial areas. Areas discussed include the challenges posed by Total Quality Management, implementation problems relative to organizational commitment, rater training, performance documentation, multiple sources of appraisal information and the importance of systematic appraisal quality control and assessment, among others. Their paper concludes with a number of suggestions for practice and research.

Philips, Puckett, Smith and Tenney (1985) review the underlying principles of performance appraisal, interpersonal factors relevant to implementing a performance appraisal system, some legal implications of performance appraisal, and an appraisal format that can be applied to most human service organizations. The need for staff involvement, administrative flexibility, and concern for mutual interests is emphasized as a prerequisite and an ongoing by-product of the performance appraisal process.

Kaye and Krantz (1983) argue that the full training of employees for the performance appraisal experience can transform an appraisal from an administrative exercise to an experience that is worthwhile to managers, supervisors, employees, and the organization as a whole.

Research treating public and private organizations with respect to performance appraisal interviews (PAIs) generally has followed 2 approaches: identification, isolation, measurement, and statistical analysis of the PAI or, for the manager actually
charged with the interview itself, little more than general exhortatory lists of maxims.
Kikoski and Litterer (1983) examined factors that have increased the use and
significance of PAI’s in the public management process. Four general conditions or
goals managers should be aware of to realize a successful PAI are examined. Six
structured, learnable communication skills are proposed to help managers become
more effective in the actual delivery of the PAI: basic attending skills, feedback,
paraphrasing, reflection of feeling, open and closed questions, and focusing.

Wells (1982) suggests that the integrity, effectiveness, and legal defensibility of a
performance appraisal system depends on its legitimacy as a tool for making
employment decisions. Guidelines (e.g., job-related criteria, managerial
responsibility, and privacy legislation) are offered that are based on recent court
decisions relating to employment-practice suits filed under Title VII of the Civil
Rights Act of 1964.

According to Bhatia (1981) aside from its traditional use in personnel decisions,
performance appraisals can serve to (1) improve job performance by providing
valuable feedback to the employee, (2) guide training and development programs, (3)
 improve relationships with employees, and (4) improve organizational effectiveness.
The shift from personality-trait to job-performance criteria, steps for ensuring
objectivity, confidentiality and the movement toward an open system, and the
influence of the organizational environment in employee appraisals.

Prince and Lawler (1986) investigated the proposition of the split roles of
performance appraisal perspective introduced by H. H. Meyer et al (1965), which
argues that discussing salary has a negative impact on the developmental aspects of
performance appraisal (PA). Ss were subordinates from a multi-industry company
who completed questionnaires either before and after PA (n = 322) or after PA only (n
= 448). Of key interest was the relationship between salary discussion and process
characteristics (e.g., participation); content characteristics (e.g., work planning); and
the outcomes (e.g., utility) of PA. Also, 5 contingency factors were investigated to see
if they moderated the impact of discussing salary. Results indicate that salary
discussion had either no impact or a positive impact on PA process, content, and
outcomes. Of the 5 contingency factors, only performance level had a consistent
moderating impact. Low performers, compared to high performers, evidenced a stronger positive relationship between salary discussion and key PA variables.

McGregor (1987) examines the conventional performance appraisal plan, which requires the manager to pass judgment on the personal worth of subordinates, and describes an alternative plan that places the primary responsibility for establishing performance goals and appraising progress toward them on the subordinate. The alternative plan places more emphasis on performance and less on the personality of the subordinate.

Pearce and Porter (1986) investigated the attitudinal impacts of receiving formal performance appraisal feedback. Based on the suggestion that the feedback that one is "satisfactory" will be disconfirming for many feedback recipients, it was hypothesized that attitudes toward the performance appraisal systems and organizational commitment will decrease and remain lower for those receiving satisfactory ratings, whereas the attitudes of those receiving higher appraisal ratings will remain unchanged. The hypotheses were tested on panels of management and non-management employees (the latter receiving new appraisals 12 mo after their managers) in 2 federal agencies over a 30-mo period using perceived and actual performance ratings. There was a significant and stable drop in the organizational commitment of satisfactory employees after the introduction of formal appraisals, with mixed results for attitudes toward the appraisal system. Findings suggest that potentially negative consequences of implicitly comparative formal performance appraisals can occur for those performing at a satisfactory, but not outstanding, level.

Cascio (1982) developed 2 themes that are critical for workable, effective performance appraisal systems: scientific and legal imperatives, and operation imperatives. These imperatives dictate that performance appraisal systems be relevant, sensitive, reliable, acceptable, and practical. Reliability refers to consistency of judgment by supervisors, peers, subordinates and self. Citing a number of examples, the need for administrative convenience is contrasted with the necessity of motivating and involving raters in a developmental process designed to produce more careful and accurate ratings. Performance appraisal systems should be viewed in a wider context and as a developing decision system. As such, relevance, sensitivity,
and reliability should be evaluated with as much care as the technical components of any system designed to make decisions about individuals.

The experiment by Shore, Adams and Taschian (1998) investigated the effects of three factors on performance appraisal ratings: self-appraisal information, appraisal purpose, and feedback target. Two hundred and three subjects rated a subordinate's performance on a clerical task subsequent to receiving either a high or low self-assessment. They were told they would provide performance feedback either to the experimenter (organizational agent) or their subordinate, and their ratings would be used either for an administrative decision or developmental feedback. Performance ratings were significantly higher when subjects received a favorable subordinate self-assessment than when self-assessments were unfavorable. A significant interaction was found between feedback target and the appraisal purpose.

Banks and Roberson (1985) examine performance appraisal as a test development task and analyzes appraisers in terms of how well they can utilize ratee information validly in judging performance. Appraisal formats and appraiser training programs are critically evaluated as aids for developing good tests. Criteria for good tests are grouped into 4 areas: domain clarity and item development, item selection and analysis, scoring and interpretation, and contaminating effects. It is concluded that raters are not inherently good test developers and that their judgmental biases and errors result in invalid, non-optimal tests.

Performance appraisal is used in organizations for a variety of purposes. However, little empirical research has been conducted to determine (a) the extent to which performance appraisal is used for each of several purposes in industry, (b) the extent to which appraisal data may be used for multiple and possibly conflicting uses within the same organization, and (c) organizational correlates of these uses. A survey questionnaire designed to answer these questions was mailed to 243 members of Division 14 of the American Psychology Association who were employed in industry. A factor analysis of the 106 completed questionnaires indicated four general uses of information from performance appraisals. The use of performance appraisal to simultaneously make distinctions between and within individuals is common. Canonical correlation analyses indicated that organizational characteristics were significantly related to the uses of performance appraisal.
Participation, goal setting and feedback are formal means for interjecting employee voice into the appraisal process. The original definition of employee voice included only participation. Employee voice is the employees' ability to influence the decision making process. Employee participation is the most common means for operationalizing voice. Participation enables the ratee to express opinions, correct misconceptions or inaccuracies, present additional information, develop more equitable performance standards and objectives, and increase the amount and quality of rater-ratee communication. Raters possess, at best, only a partial share of the valid information available on employee performance and there is a need to receive input from multiple sources. In addition to the supervisor's lack of complete information, the cognitive process of performance rating is replete with bias inaccuracy. At a minimum, employee participation is a means for offsetting the biases possessed by the rater. Participation can occur in the development of the system (the rating form and performance standards) and in its operation (employee self appraisal and interview participation).

Performance appraisal in public and private sectors

In recent years, widespread attention has been paid to the role of the formal appraisal process because of the belief that an effectively designed and implemented appraisal system can provide the employee, the manager, and the organization with a host of positive benefits. The organization’s overall objectives cannot be kept on track or attained if there is not adequate performance appraisal models setup within the organization. Without reliable, valid and quantifiable performance appraisals (which require clear, quantifiable job goals and descriptions) there is no way for managers to effectively gauge an employee’s performance of lack of it. Performance appraisals have as their main goal the objective of “maintaining or improving performance...beyond this important consideration, there are several additional reasons for conducting formal periodic appraisals. Chief among these is to aid supervisors in making decisions about compensation. In the following paragraphs, studies related to performance appraisals in public and private sectors have been summarized.
Whyte (1986) notes that performance appraisal has been widely practiced in both the private and public sectors in the UK and the US for 20-30 yrs. Despite this experience, there is considerable dissatisfaction with appraisal systems, reflected in a growing literature on new, improved approaches. It is concluded that, if appraisal is likely to become widespread in schools, the evaluation of appraisal provided in the management literature is relevant to teachers, advisers, and policymakers.

Lany and Schaubroeck (1999) investigated the effect of a process vs a results focus as well as a group vs individual-based approach to performance appraisals. Four experimental conditions were investigated, with dependent variables of appraisal satisfaction, perceived accuracy of the performance appraisal, expectations of a performance improvement, and actual performance. S’s were 108 junior supervisors participating in a training seminar in Hong Kong. The results show that a process focus appraisal had a more positive impact than an exclusively results-oriented appraisal on ratee appraisal satisfaction, perceived appraisal accuracy, and expectations of performance improvement. S’s receiving process appraisal feedback also showed a greater improvement in actual performance during a subsequent trial compared to S’s that did not receive process feedback. No differences were found between the group- and the individual-based performance appraisal conditions.

According to Ilgen and Feldman (1983), the performance appraisal process is construed as a function of 3 interacting systems: organizational context, the appraiser's information processing system, and the behavioral system of the appraisee. It is argued that aspects of each system constrain the ability of the appraisal process to produce accurate, unbiased, and reliable assessment of individual behavior and performance. The following characteristics of the appraisal process are discussed: (1) observation, reward opportunities, and systemic issues such as function and expectations within the context of the organization; (2) the appraiser's automatic attention processes, categorization and memory, and information search and recall; and (3) appraisees' automatic and controlled modes of behavior.

Daley (1983) analysed the Iowa appraisal-by-objectives system (based on data obtained from 535 performance appraisals that included supervisors, managers, and professionals) appears to be relatively successful in providing a guide to employee training and development. Supervisors draw on the perceived strengths and areas
needing improvement of their employees not only to determine the employee's performance ratings but also for training and development. This is important vis-a-vis the employee who is thought to be in need of improvement. This implies a healthy orientation toward helping the individual overcome his/her difficulties. In as much as these recommendations are implemented, employee performance and organizational productivity should be enhanced. The development plans that build on employee strengths should also result in such improvements.

A study by Turk and Roolah (2005) on the performance appraisal and compensation aspects in the public and private universities have a growing importance. Even publicly funded universities have to seek for additional resources from the private market and thus monitor and develop their performance accordingly. The purpose of this study is to compare performance appraisal as well as compensation policies and systems in the Estonian public and private universities in order to determine the possible differences. The results indicate no major differences between two investigated sub-samples. Yet, private universities seem to value student feedback and other market-driven appraisal aspects slightly more than public universities, who value more development interviews.

### 2.6: Performance appraisal in other countries

The extent to which skill and competency-based systems used by work organizations in the United Kingdom may contribute to maintenance of the pay gap between men and women was examined through a review by Strebler,-Marie (1997) of the following: pertinent literature from the United Kingdom and United States; 15 published case studies; current Institute for Employment Studies research on assessment/measurement of competencies; and information from a workshop at which practitioners in large public and private organizations discussed issues in using skill- and competency-based pay and training systems. Among the study's main findings were the following: (1) women are more likely than men to undervalue the skill levels of their jobs; (2) although men and women managers do not differ greatly in the competencies they possess, women are consistently rated lower on leadership ability by managers; (3) the process of translating skills/competencies to individual performance criteria is complex and liable to gender bias; (4) performance appraisal remains the main method for assessing performance; and (5) skill-based pay is less likely to cover female employees.
Hooi’s (2007) study attempts to understand the extent of e-HRM practiced in the small and medium sized enterprises (SMEs) in the manufacturing sector in five main areas of human capital management, which is believed to have a significant impact on the competitiveness of the industry, namely, recruitment, compensation and benefits, training and development, communication and performance appraisal. The piece will also focus on the fact that the readiness and feasibility of implementing e-HRM in the SMEs in Malaysia is dependent on the availability of resources and the attitude of the employees. The resources covered in this study include expertise, financial and technical resources.

An industry report in Hong Kong calls for an agreed framework for appraising subcontractor performance. A set of performance appraisal criteria is developed that is agreeable to all key stakeholders in subcontracting. By examining the criteria being applied around the world and reviewing the available literature, a set of 31 subcontractor performance appraisal criteria was compiled. A questionnaire survey was conducted in Hong Kong to reveal the perception of relevant stakeholders on the most critical criteria for subcontractor appraisal. The independent samples t-test confirmed that the main contractor and subcontractor groups had a significant agreement on the importance levels of most subcontractor performance appraisal criteria. Through factor analysis, the 15 most important subcontractor performance appraisal criteria and their underlying relationships are identified. The results indicate that the three overarching factors for subcontractor performance appraisal are ‘team interaction’, ‘accomplishment of project goals’ and ‘track record’. The identified appraisal criteria lay a solid foundation for the development of a centralized subcontractor performance appraisal system to facilitate performance reporting, data sharing and benchmarking.

Starling (1982) argues that how the purpose of performance appraisal fits the total organization is a key determinant of the process's success or failure. The resolution of this problem by the "Theory Z" organization or Japanese organization is reviewed. Japanese organizations tie together the basic components of the total organization: people, management style, shared values, administration, organization structure, and organization strategy. The Z organization fosters close interchange between work and social life. Japanese companies also stress lifetime employment, collective decision making, and nonspecialized career paths. In Theory Z organizations, formal
performance evaluation is slow and insulated, while informal performance feedback is emphasized and made smooth and continuous. The application of these strategies to federal and private US agencies is reviewed.

According to Abu-Doleh and Weir (2007) performance appraisal systems in the Jordanian private and public organizations need to better serve the four functions of performance appraisals and they are -1. System maintenance and documentation are functions that need special attention to be integrated with performance appraisal systems. 2. Performance appraisals systems should include other than appraisee’s manager in the appraisal process. Thus, by the use of multiple sources of appraisal information, more reliable/credible and valid results can be obtained. 3. Performance appraisal results should be directed at: (a) addressing performance problems of the appraisees; (b) addressing developmental needs and career aspirations of employees; (c) linking performance results with pay increase; (d) formulating more discussion and feedback between managers and Employees

Pelissero (1984) compared the 3 performance appraisal systems used in the US Army in personnel evaluation processes: the Officer Evaluation Reporting System (OERS), the Civilian Performance Appraisal System (CPAS), and the Enlisted Evaluation Reporting System (EERS). It is concluded that the most objective-based system is CPAS with its emphasis on performance standards rather than on trait measurement. OERS is also objective-based, but its maturity is undermined by inclusion of trait evaluations. In the EERS, heavy emphasis is placed on attaining a numerical score based on trait evaluation of both high and low job-related standards and values. Thus, EERS emphasizes different approaches to personnel management of enlisted personnel than that used for officers or civilians.

Mamatoglu (2008) investigated the impact of the 360-degree feedback system (DFS) on organizational context (culture and climate). This longitudinally designed study was conducted at the Arcelik Cooking Appliances Plant in Turkey with 77 white-collar workers. 360-DFS was based on relevant literature and feedback given to the employees by The Arcelik Competency Model. Results have shown that the 360-DFS has effects on organizational context (e.g., employees’ perceptions regarding support and achievement culture). The results have also revealed some significant effects on the participants’ perception of the communication and performance appraisal system in the organization.
Nearly 40 years after the successful implementation of total quality management (TQM) in Japan (Aldakhilallah, & Diane, 2002), Deming’s principles were finally embraced in the USA. However, performance appraisals continue to be the proverbial square peg that we are attempting to a round organization created by the principles of TQM. This paper categorizes traditional methods of performance appraisal, enumerates aspects of TQM and conceptualizes a framework for performance appraisal. The performance appraisal process, TQMPA, is a major revision of a traditional process, designed to fit with the philosophy of TQM. We specify the redesigned process, step by step. Further, we resolve the TQMPA process with the main principles of TQM. Thus, we have reshaped the performance appraisal process to one that will be consistent with a TQM organization. In other words, the square peg fits into the round hole.

Unionized Japanese and American firms made changes in their wage and performance appraisal systems during the 1990s that were inspired by features of each others’ traditional employment systems (Shibata, 1995). Although Japanese firms made greater changes in the wage-setting process compared to American firms, outcomes in Japan changed little. Even with these changes, the wage and performance appraisal systems in the two countries retain distinctive characteristics. In the American firms’ “segregation” between white- and blue-collar employees and high- and low-performers remains a feature of wage and performance appraisal systems; the Japanese system maintained its characteristic “integrated” form, but underwent moderate modifications.

Smith (1984) reviews Mobil Oil Australia's approach to management development, focusing on the 3-part performance appraisal system that consists of goal setting, appraisal, and developmental planning. It is argued that management development needs to be a planned, systematic process that integrates the organization's response to changing external and internal environments with the aspirations of individuals within. It must be dynamic in response to accelerating change and committed outcomes.

Siegel (1984) surveyed 337 civil servants in Sudan concerning their perceptions of what performance appraisal (PA) should entail and how PA fits in with Sudanese culture. It is concluded that PA as practiced in Sudan is not development oriented, but
that such an approach is desired by the rank and file of the Civil Service. Also, the value profile of development oriented PA that was posited is compatible with the culture. Results contradict conventional wisdom that argues that (1) developing countries cannot afford the luxury of any but an authoritarian system of personnel management, and (2) all or most western personnel management ideas tend to be incompatible with the culture of developing nations.

Hall, Leidecker, and DiMarco (1996) write that upward performance appraisals are supposed to improve communication and increase worker satisfaction. Concerns are related to subordinate qualifications and bias, lack of time, and acceptance of results. Three types are subordinate oriented, cross-hierarchical, and self-inclusive. Stoner's reaction argues that Hall et al. do not define terms or suggest a new taxonomy.

2.7: Best practices in performance appraisal

Performance appraisals are essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their line manager. Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization. Annual performance appraisals enable management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals also typically feed into organizational annual pay and grading reviews, which commonly also coincide with the business planning for the next trading year. Performance appraisals generally review each individual's performance against objectives and standards for the trading year, agreed at the previous appraisal meeting. In the following paragraphs, some the practices followed by various institutions are highlighted.

According to Leat and Lovel (1997) identification of the training and development needs of administrative support staff is not aided by conventional performance appraisal, which measures summary or comparative effectiveness. Meaningful
diagnostic evaluation integrates three levels of analysis (organization, task, and individual), using behavioral expectation scales.

A new performance appraisal system developed by Victor, Wendy and Catherine (2007) for promotions in the Royal Canadian Mounted Police non-commissioned officer ranks, fairly differentiated among candidates. Members (N = 6,571) illustrated their performance on core competencies with behavioral examples. Supervisors and then review boards used a BARS procedure to reliably rate performance. Both candidates and supervisors supported the system. The performance appraisal scores predicted career advancement in the organization.

Responses from 303 of 411 North Carolina municipalities determined that use of modern personnel practices was the greatest in recruitment/selection, moderate in compensation/benefits and employee rights/regulations, and marginal in performance appraisal. Factors affecting greater use were larger work force and presence of city managers (Daley, 1993). Phillips (1987) describes 5 procedures for determining whether a company's performance appraisal system is working: (1) examining the distribution of performance ratings, (2) comparing appraisals across time, (3) asking managers and employees when they last conducted an appraisal and seeing if the 2 dates agree, (4) asking the personnel department whether managers encounter problems when trying to discharge employees for unsatisfactory performance, and (5) asking managers whether they have ever acquired an unsatisfactory employee based on recommendations/evaluations from other managers in the organization.

Diversity of environment and cultural background and geographic separation pose challenges for evaluating overseas personnel as indicated by Harvey (1997). An evaluation process for home, host, and third-country workers should consider position characteristics, external/internal environments, rater/ratee characteristics, and qualitative and quantitative criteria, having different methods for different points on a continuum.

Baker and Morgan (1984) present a performance appraisal interview model that is divided into 2 sessions, one for evaluation and the other to plan a strategy for improvement. It is suggested that this model can alleviate most of the stress that management and employees often feel in this situation. Effective interviews reflect 4
characteristics: the level of the employee's participation in the evaluation and development process, a helpful and constructive attitude on the part of the manager, goal setting, and the manager's knowledge of the employee's job and performance. A 6-step evaluation stage includes the following guidelines: (1) Scheduling and preparing the performance appraisal in advance, (2) creating the proper atmosphere for 2-way communication, (3) beginning the appraisal with a statement of purpose, (4) encouraging the employee to participate, (5) discussing total performance, and (6) summarizing the interview and providing documentation. The development stage establishes goals for the coming year, and consists of repeating steps 1-4, followed by setting goals for future performance, formulating a development plan, and preparing a working document.

Sulsky and Keown (1998) evaluated performance appraisal research by highlighting how research has traditionally focused upon the measurement, rather than the meaning of work performance. The authors propose that maximizing performance appraisal effectiveness requires careful examination of the meaning of performance. Next, the authors consider current trends in appraisal research which have closely followed recent changes in the structure and process of work.

Sample (1984) describes a model for the collaborative development and potential use of a performance appraisal (PA) method known as "behaviorally anchored rating scales" (BARS). The rationale for developing and implementing any PA is presented and the BARS are defined. Step-by-step instructions are given for developing BARS specific to an individual work situation. Additional uses for BARS, including recruitment, selection, placement, and socialization; evaluation; training and development; and promotion and transfer are discussed. It is suggested that, as with any PA system, there are obvious trade-offs. The development of BARS may be time-consuming and costly in smaller groups with few employees. Executive management must support the development and use of BARS. Once those obstacles have been addressed, however, the program manager will have a relevant and job-related PA system that was collaboratively developed with input from clients, incumbents, supervisors, and significant others. Appraisal sessions become facilitative encounters in which individual strengths are discussed and remedial needs are identified.
Kirkpatrick (1984) presents a short rating survey and a 5-point effectiveness checklist for evaluation of performance appraisal systems that can be combined for system assessment. The survey measures whether (1) employees know what is expected of them and how well they are performing and (2) whether they get help in improving and are rewarded for performance: The checklist is based on requirements for an effective program. The program must fit the organization, be understandable and worthwhile to all participants, have trained reviewers, and use established controls.

Deets and Tyler (1986) describe a system designed to improve performance appraisals through the joint establishment of objectives by the manager and employee, the use of an interim appraisal to assess progress, emphasis on performance feedback and improvement, elimination of summary ratings, and identification of personal and professional development goals. Survey data indicate generally favorable employee attitudes toward the system and suggest that it removed barriers to employee teamwork.

Ramsgard (1994) explains the CAM (Clarity, Awareness, Merit Recognition) process for performance reviews in which supervisors declare personal values, expectations, and operational methods; select employee skills for enhancement and define results; provide feedback, recognition and reinforcement; and distribute merit rewards and build deeper mutual commitments to organizational goals for direct reports.

According to Twomey (1993), there are three major redesign elements that organizations must address for effective performance appraisal. First, the inherent limitations of accuracy in all appraisal systems must be recognized and redesigned so they do not impose finite distinctions. Second, a broader range of employee contributions should be incorporated into the appraisal. Third, appraisal and merit pay should be viewed as a means of supporting the organization's overall strategy and a means for encouraging continuous improvement.

Timperley and Robinson (1997) identify how policy implementation might be improved by informing policy formulation with a more detailed understanding of local conditions and conceptualize policy as a response to conflicting local and national requirements. According to Davis (1995) performance management, a joint process involving both supervisor and employee in the identification of common
goals and writing of performance expectations is recommended as a quality management approach to college and university personnel management.

King's College (Pennsylvania) has redesigned its faculty reward system, mixing intrinsic and extrinsic incentives in three interrelated institutional initiatives related to general educational reform, senior faculty performance appraisal, and merit pay. An early result of the effort is a perceptible improvement in faculty motivation and productivity (Farmer, 1993).

Malinauskas and Clement (1987) maintain that performance appraisal interviewing should be an on-going communication tool that balances the employee's need for supportive feedback with the organization's need to develop productive employees. Suggestions are given to help managers improve their interviewing techniques and employees' performance. Requisite verbal, nonverbal, and listening skills are discussed. Three phases that require the manager to meet with the employee are described—the preview, interview, and review. It is stated that the organizational climate must reflect a commitment to performance appraisal from higher organizational levels.

Pinder (1986) describes the objectives, skills required, and favorable and unfavorable aspects of 3 methods of conducting appraisal interviews: inform and sell, inform and listen, and the problem-solving method. It is concluded that the latter method is most effective because it encourages the interviewee to engage in problem solving, is less problem-centered, and encourages growth and development. However, this method does require skilled counselors.

Cocheu (1986) presents the steps involved in a company's development of its system to improve its appraisal process. The authors describe how a task force identifies problems and assesses current practices. The task force's findings are then summarized and presented to management, and 6 core objectives are agreed upon. The new approach involves integrated planning with evaluation, including the use of rating scales and performance planning. It is concluded that the system's success depended on its implementation—specifically, effective communication, training, employee participation, and environmental change.
Goodall, Wilson and Waagen (1986) argue that studies of the appraisal interview should be based on longitudinal observation and analysis of performance, behavior, character, and cultural fit, not solely on the behavior exhibited during the framed interview. Because similar behaviors do not necessarily reference similar meanings, and because individual and situational differences must be taken more directly into account, behavior-based research will benefit from meaning-centered research. A theoretical framework in which interpretations of meaning about appraisals can be accomplished is provided. Three reasoned dramatic motives common to appraisal interviews are revealed: "order," "secret," and "kill." It is concluded that researchers should study the functions of symbolic inducement within the context of appraisal rituals, focusing on the cultural and relational histories influencing appraisal attitudes, values, and behaviors; and on the motives revealed in the narratives about them that are told.

Gomez-Mejia, Page and Tornow (1985) describe a performance appraisal system that has been successfully implemented and evaluated. The system is composed of 4 parts: (1) job-related appraisal forms, (2) an appraisal model, (3) a support system, and (4) a monitoring and tracking network. It is suggested that a performance appraisal is most effective when applied as a total package and that the model described can be adapted to other organizations.

Banks and Murphy (1985) notes that, researchers working on performance appraisal have adopted a cognitive approach to analyze judgment processes. While this approach allows researchers to tap a wealth of knowledge applicable to the appraisal context, this line of research is considered likely to widen the already existing gap between research and practice. It is argued that coordination of the talents of researchers and practitioners is essential for narrowing the gap. Researchers should focus their research on the best methods of ensuring use of relevant and valid data in appraisal, given organizational constraints. It is also suggested that practitioners should focus on determining observable and measurable aspects of performance and thus specify appropriate appraisal content. It is noted that cognitive process research has promise for increasing raters' ability to judge accurately but that this approach does not necessarily address the rater's willingness to provide accurate ratings.
There are various ways of conducting performance appraisals, and ideas change over time as to what are the most effective appraisal methods and systems. Some people advocate traditional appraisals and forms; others prefer 360-degree-type appraisals; others suggest using little more than a blank sheet of paper. In fact performance appraisals of all types are effective if they are conducted properly, and better still if the appraisal process is clearly explained to, agreed by, the people involved. Managers need guidance, training and encouragement in how to conduct appraisals properly, especially the detractors and the critics. There are lots of ways to conduct appraisals, and particularly lots of ways to diffuse apprehension and fear - for managers and appraisees alike. Particularly - encouraging people to sit down together and reviewing informally and often removes much of the pressure for managers and appraisees at formal appraisals times. Leaving everything to a single make-or-break discussion once a year is asking for trouble and trepidation.

2.8: Critic on performance appraisal

A performance appraisal is a controversial management tool searching for answers to ubiquitous problems in system design and administration (Thayer, 1987). Genuine performance appraisal participation is a process that can mitigate many of the dysfunctions of traditional performance appraisal systems as well as engender a more humane and ethical human resource management decision-making process (Roberts, 1992). Participatory performance appraisal is an essential component of a fair and ethical evaluation of an employee's performance, given performance appraisals' implications for employee career success, self-esteem, and mental health. Governmental and private organizations are faced with an ethical obligation to perform this complex function in a fair and unbiased fashion. Multifaceted employee participation entails giving meaningful input in developing performance standards and the rating form, worker self-evaluation, and two-way communication in the appraisal interview. When employees possess a meaningful role in the appraisal process, employee acceptance and satisfaction with that process is strongly enhanced. Clearly, many variables contribute to dissatisfaction with performance appraisal systems, but failure to institute a participatory system will result in continued performance appraisal ineffectiveness.
McDowells (1995) provides a negative opinion on performance appraisal, where the survey on scientific and technical communicators to determine their perceptions of their role as interviewees in the performance appraisal interview and reveals that interviewees think the appraisal process is unreliable and invalid, and that managers do not stimulate growth and development in the appraisal interview.

Fletcher (1986) presents a survey of findings on the effects of giving feedback, namely of giving criticism during appraisals; and identifies the conditions where such feedback appears to have the most constructive effects. The effects of discussing a subordinate's performance in the course of an appraisal interview have been the subject of strong debate over the past 30 yrs. Self-appraisal is proposed as an approach that overcomes many of the problems normally encountered in discussing performance. It is concluded that appraisal based on an individual's own assessment of his/her performance can overcome many of the problems traditionally associated with performance feedback in the appraisal interview. It is seen as a more flexible and robust approach; the ample evidence of the effectiveness and applicability of this kind of appraisal is reviewed.

According to Monga (1981) performance appraisal is one of the key systems to control and coordinate the achievement of organization objectives. However, the history of appraisal has been one of strained relationships and frustrated hopes. Mongra explores the reasons underlying such a feeling and suggests that performance is a function of a complex set of factors, some within the individual's control, others within the control of his/her superiors, and still others being a reflection of the prevailing organizational work environment.

Thompson (1982) criticizes appraisal systems at the federal, state, and local levels that have emphasized 2 directions: (1) the need to develop more sensitive appraisal systems for "correct" evaluation of managerial and employee performance and (2) the linkage of performance appraisal to other functions within personnel decision making. The author suggests that the effective functioning of an appraisal system depends on the presence of managers gifted in decision making through inspiration rather than just calculation. Those involved in appraisal initiatives must be adroit in forgoing consensus about the merits of appraisal systems.
Lee (1985) proposes a performance appraisal system tailored to fit ratee task characteristics. This approach, which involves systems designed to deal with tasks in which both availability of reliable and valid performance measures and knowledge of the transformation process may be either high or low, is designed to increase the relationship between observational accuracy and accuracy in rating performance and to improve ratees' future performance. Task types and performance appraisal formats are examined, and strategies for training raters to increase observational accuracy are outlined.

Schneier, Beatty and Baird (1986) discuss factors associated with the failure of performance appraisal systems in organizations. Among the factors identified as contributing to the failure of such systems are problems related to measurement, judgment, policy, and organization. Symptoms of these problems are described along with potential cures. It is suggested that performance appraisal systems require advance planning, formal meetings and interviews, prescribed systems and forms, variance in performance ratings, considerable time and resources, and reward for superior performance.

de-Meuse and Kenneth (1987) review 46 empirical studies investigating the effects of 3 classes of nonverbal variables (demographic cues, physical appearance, and nonverbal behaviors) on performance appraisal. Relevant social, psychological, and communication research in the areas of person perception and impression formation was highlighted. The review indicates that the effects of nonverbal cues on person perception in general, and performance appraisal in particular, are significant and varied. It also revealed that (1) the majority of performance appraisal literature has exclusively examined demographic cues; (2) potential interactions among the 3 classes of nonverbal variables have been generally ignored; and (3) most of the research is non theoretical. A conceptual framework within which to examine the impact of nonverbal cues on the performance appraisal process is proposed.

Lowe (1986) presents a list of 8 rater errors a manager may make in preparing a performance appraisal--the halo effect, the pitchfork effect, the central tendency, the recency error, length of service bias, the loose rater, the tight rater, and the competitive rater. It is suggested that this list forms the basis of items the appraiser should check as he/she prepares an appraisal.

The extensive research on performance appraisal (Fletcher, 2001) has not addressed the fundamental problems of the performance appraisal process that performance...
appraisal is influenced by a variety of relevant, nonperformance factors such as cultural context (Latham & Mann, 2006), that it does not provide either valid performance data or useful feedback to individuals (Fletcher, 2001), or that performance appraisal instruments often measure the wrong things (Latham & Mann, 2006). Pearlman (2002) noted many if not most systems based on competencies lack legal defensibility. Rarely do any competency-based systems document the impact of competency-based selection on subsequent performance. Part of the reason for this is the ill-defined nature of most competencies. Focusing on behaviors, they increase the likelihood that the competency can be measured fairly and reliably. The core competencies used here incorporated task information from a functional job analysis. Lievens et al. (2004) showed that blended competencies enhance the inferences that can be drawn about the competency requirements as well as increasing the methodological rigor of the competency model.

The advantages and disadvantages of using performance assessment in making employment decisions are well documented. The limitations of performance assessment, such as inflated ratings, lack of consistency, and the politics of assessment, often lead to their abandonment. Managers responsible for delivering performance reviews who are uncomfortable with the performance rating system may give uniformly high ratings that do not discriminate between ratees. Poor ratings detract from organizational uses and increase employee mistrust in the performance appraisal system. Employees on the receiving end of the appraisal often express dissatisfaction with both the decisions made as a result of performance assessment and the process of performance assessment, which may have longitudinal effects on overall job satisfaction and commitment.

The problems associated with the design, implementation, and operation of formal performance appraisal systems are well documented, and they continue to frustrate both academics and practitioners alike. Researchers have concluded that there is no such thing as an "ideal" appraisal format and system. Every organization must design an appraisal instrument and process that supports the organizational goals that it wishes to accomplish. In addition, participant acceptance of an organization's performance appraisal system is perceived to be a critical factor in appraisal effectiveness.
2.9: Performance appraisal-related studies

Poorly done, performance appraisals can leave the industry with underperformers who lack the direction to change their behavior, good performers who feel unrecognized for their work, and, worse yet, problem employees who should be dismissed, but a lack of appropriate documentation prevents this. Till recently, though there was a large body of research in aspects of performance appraisal concerning accuracy of measurement, employee participation, types of performance measurements and other areas, there was no substantial research that specifically linked increased job performance and effective performance measurement with the performance appraisals. In this section, studies related to performance appraisals have been summarized.

Stark and Poppler (2009) investigated the differences in job performance related ratings across racial and ethnic groupings by comparing predictions derived from the theories of similarity-attraction and social categorization with predictions derived from leader-member exchange theory. Survey data are secured from 91 matched pairs (managerial level subordinates and immediate supervisor) secured in a field study of 17 employers of choice in the geographical area served by a metropolitan university in USA. A moderated hierarchical regression is performed to test the two original hypotheses, and a chi-square analysis tests a third hypothesis evolving from the data. Examination of data reveals that supervisor and subordinate racial demographics are weak predictors of measures of subordinate performance. Measures of leader-member exchange make any contributions attributed to racial demographics insignificant. This research is subject to all the concerns associated with field studies and quasi-experiments. Since high quality exchange between supervisor and subordinate is a track inward to the central core of the management system and upward mobility, this study points to the value of providing all managers and all subordinates exposure to and instruction in how to initiate and maintain a high quality social exchanges across racial and ethnic groupings. While null results such as reported in this study are not typically found in the literature, they should spark additional theory development especially when the research methods used are robust.
Sharon Narcissea and Mark Harcourtb (2008) in their research identify the essential factors which influence employees’ fairness perceptions of their performance appraisals, and determines the applicability of these factors to the experiences of employees in a Saint Lucian public service organization. Fairness perceptions are of three main types. First, distributive justice refers to the perceived fairness of an actual appraisal rating. Second, procedural justice refers to the perceived fairness of procedures used to determine the appraisal rating. Third, interactional justice refers to the perceived fairness of the rater’s interpersonal treatment of the ratee during the appraisal process. A qualitative case study method was used to gain a rich understanding of employee perceptions of the fairness of their performance appraisals. Data were obtained from both completed appraisal forms and interviews with 20 knowledgeable employees. All interviews were transcribed and assessed using a thematic analysis. Overall, results show that distributive, procedural, and interactional justice factors identified in the existing literature influence employee perceptions of fairness in their appraisals. Results suggest that employees also consider four additional justice factors, as yet not formally recognized in the justice literature, one distributive – the consistency in reward distribution – and three procedural – appraisal frequency, job relevant criteria, and rater and ratee training.

According to Som (2008) the Indian economy was forced to adopt a structural adjustment programme at the beginning of 1991. The structural adjustment programme or liberalization initiated the process of the opening up of an otherwise closed economy of India. Liberalization created a hypercompetitive environment and to respond to this turbulence, Indian organizations adopted innovative changes in their HRM practices. Current research shows that HRM practices are important for enhanced corporate performance but little has been reported on the effect of HRM practices and corporate performance in the context of economic liberalization of India. This study tries to understand the role of innovative HRM practices and specifically questions how HRM practices, such as the role of HR department, recruitment, retraining and redeployment, performance appraisal and compensation, enhance corporate performance during the change process. A multiple-respondent survey of 69 Indian organizations was undertaken to study the impact of innovative HRM practices on firm performance. The survey found that the innovative recruitment and compensation practices have a positive significant relationship with
firm performance. It was observed that recruitment, the role of the HR department and compensation practices seem to be significantly changing within the Indian firms in the context of India’s economic liberalization. The synergy between innovative HRM practices was not significant in enhancing corporate performance during the liberalization process.

Shore and Strauss (2008) investigated the impact of the political context of performance appraisal by examining the effects of organizational goals on performance ratings. A second purpose of the study was to investigate whether it is possible to reduce the effects of political influences by providing raters with normative information. Participants rated a “subordinate’s” performance subsequent to receiving lenient or harsh organizational goals and normative performance information (present or absent). Results suggest that leniency goals resulted in significantly higher performance ratings than severity goals. However, normative information had no effect on performance ratings, attesting to the robust effect of political motives on performance appraisals.

Feldman (1981) interprets performance appraisal as the outcome of a dual-process system of evaluation and decision making whereby attention, categorization, recall, and information integration are carried out through either an automatic or a controlled process. In the automatic process, an employee's behavior is categorized without conscious monitoring unless the decisions involved are problematic; a consciously monitored categorization process would then occur. Subsequent recall of the employee is viewed to be biased by the attributes of prototypes (abstract images) representing categories to which the employee has been assigned. Dispositional and contextual factors influence the availability of categories during both assignment and recall. Although automatic and controlled processes can create accurate employee evaluations, categorization interacting with task type tends to affect subsequent employee information with halo, lenient/stringent, racial, sexual, ethnic, and personality biases. Behavior taxonomies, individual differences in cognitive structure, validation of behavior-sampling techniques, and laboratory studies of appraisal processes are presented as potential topics for research.
According to Asmu (2008) performance appraisal interviews play a crucial role in internal communication. Most of the research on performance appraisal interviews have focused on strategic aims and interview design, but less attention has been given to the way in which performance appraisal interviews actually take place. In this study, the focus will, therefore, be to investigate how one of the crucial and most delicate activities in performance appraisal interviews, namely, giving critical feedback, is conducted. The way critical feedback is given is predominantly through negative assessments. The results indicate that there is an orientation to critical feedback as a socially problematic action despite the institutional character of the talk. Moreover, it can be seen that the more the supervisor shows an orientation to negative assessments as being socially problematic, the more difficult it becomes for the employee to deal with negative assessments. The study ends by outlining various implications for the workplace.

According to Boyd and Kyle (2004) the current “organizational justice” literature proposes that public managers should analyze both distributive and procedural justice components in designing and implementing various human resource interventions. Their article shows that distributive and procedural justice conceptions are not the only constructs that should be analyzed. Instead, social justice concerns need to be addressed in addition to or perhaps as an antecedent to—distributive and procedural concerns. Social justice from a critical theory perspective is analyzed within an open-systems theory framework, and is presented within the context of performance appraisal systems that are generally regarded as one of the key human resource interventions.

Slattery (1985) discusses the effects of stress in performance appraisals in relation to other organizational variables such as information, change, and managerial skill. Stress is often linked to a lack of communication. The quality, prevalence, and timing of information are linked to a person's ability to take in and act on that information, and behavior patterns associated with this ability are important considerations in determining a person's effectiveness. The importance of established goals, access to resources, and feedback in determining performance is considered in relation to a 4-stage model of the relationship between information and stress. The types of information required by both manager and subordinate are described, and it is suggested that managing stress reflects skills and practices of managing information about tasks, expectations, and resources.
Using two independent databases, study by Peretz and Fried (2008) explored: (a) the influence of national values on performance appraisal (PA) practices adopted by organizations; and (b) the interactive effects of national values and PA practices on organizational performance indicators. Data from 5,991 organizations in 21 countries were obtained for this study. Results showed that national values explained PA strategies, confirming the study hypotheses. In addition, our hypothesized interaction effects between national values and PA programs on organizational outcomes were supported. The results have strong implications for organizations operating in different societies concerning how to maximize the fit between particular cultures and PA practices in order to enhance organizational performance.

Bard (2006) explored alternative relationships between performance appraisal satisfaction and employee outcomes in the form of self-reported work performance, affective organizational commitment and turnover intention. A cross-sectional survey of 593 employees from 64 Norwegian savings banks showed that performance appraisal satisfaction was directly related to affective commitment and turnover intention. The relationship between performance appraisal satisfaction and work performance, however, was both mediated and moderated by employees’ intrinsic work motivation. The form of the moderation revealed a negative relationship for employees with low intrinsic motivation and a positive relationship for those with high intrinsic motivation.

Lawler, Mohrman and Resnick (1984) conducted a follow-up study of performance appraisal at a corporation previously studied by H. H. Meyer et al (1965). Data were gathered through personnel records, interviews, and questionnaires completed by 700 manager-subordinate pairs. There was general agreement that appraisal could foster motivation, productive changes in behavior, and increased understanding; that performance appraisal should be integrated with other human resource systems; and that appraisal should be based on previously agreed upon goals. However, there were major differences between managers and subordinates with regard to the practice of performance appraisal. The determinants of performance appraisal effectiveness are discussed in terms of organizational climate, job content, work planning, and subordinate input. Recommendations for improving the use of performance appraisals are presented.
Recent models of performance appraisal have emphasized the process nature of appraisal, including the necessity of examining recipient responses to an evaluative appraisal or message. One of the major individual-level feedback models in the organizational area has been provided by D. Ilgen et al. The 2 major inputs in this model are a complex feedback message and source of the feedback. Study by Bannister (1986) experimentally manipulated characteristics of both the feedback message and the source of feedback in a 2 * 3 * 2 between-Ss factorial design. How the feedback message (including both performance outcome information and attribution feedback) and perceptions of source credibility affected recipient responses to suggestions from the source as to how performance could be improved were examined among 149 undergraduates. Results show that recipient reactions to initial positive and negative performance feedback were determined by varying and discrepant explanations (i.e., attributions) between the source and recipient. Whether, the source was perceived to be credible also influenced recipient responses, especially recipients' intentions to use suggestions made by the source.

According to Jawahar (2006) the relative lack of research on employees’ reactions to performance appraisal feedback is the primary impetus which advances this important, but neglected, research area by investigating potential predictors and consequences of satisfaction with appraisal feedback. Survey responses from 112 employees were matched with their performance ratings from two different appraisal periods to test specific hypotheses. Results indicate that satisfaction with rater and previous performance ratings influence employees’ satisfaction with appraisal feedback. Satisfaction with appraisal feedback was positively related to job satisfaction and organizational commitment and negatively related to turnover intentions. Supervisory status moderated the relationship between satisfaction with appraisal feedback and subsequent performance such that the relationship existed only for supervisory employees who, in addition to receiving feedback about their own performance, also provided feedback to their subordinates.

Murphy and Constans (1987) indicated that behavioral anchors may affect the way that raters process information about ratees, and may in some cases be a source of bias in rating. This study tested the hypothesis that the presence of behavioral anchors that closely matched behaviors actually observed by raters would bias performance
ratings. Subjects (N = 180) viewed videotaped lectures and rated them, using scales that contained examples of either good or bad performance that had actually occurred on the tapes, but that were not representative of the ratee's overall performance. One half of the subjects read the scales before viewing the lectures; the remaining subjects read the scales only after viewing the lectures. There was a significant scale effect, but no Scale * Order interaction; ratings were biased in the direction of unrepresentative anchors. These results suggest that behavioral anchors can be a source of bias in ratings and they may lead to biased recall, but they probably do not bias the observation and encoding of ratee behavior. Their results suggest that behaviorally anchored scales are not necessarily more objective or less prone to bias than are scales without behavioral anchors.

Goal-directed performance appraisal (PA) theory includes four components: rating context, performance judgment, performance rating, and evaluation (Litterfield, 1996). The study focuses on the components of rating context and performance rating. For the study, the rating context was a large civil service organization that must produce documentation for attorney promotion decisions. Performance ratings were written documentation of the message a rater wished to convey to audiences who read the rating form. Whether the raters in this context communicated their PA judgments using the broad categories of attorney performance defined by the organization's PA form (case analysis and preparation skills, advocacy and communication skills, and role attitude, work habits, and leadership skills) was studied for 142 attorneys for one year and 174 for the second year. Results supported the assertion that performance appraisals by the attorney supervisors could be accurately summarized in the broad performance categories. Rater goal-directed PA theory provided a framework for interpreting these research results.

Law, Gao and Ng (2009) introduced and examined certain performance indicators and result areas used by the Lee Kong Chian Reference Library to evaluate its services and staff performance. Design/methodology/approach - Their paper lists out the measures in place and looks for justification for each in terms of their relevance to library work and value to stakeholders. It is shown how the measures in place enable services and staff to effectively support the library's mission and vision.
Originality/value - Their paper provides insight for those interested in performance evaluation for library staff and services in the National Library Board, Singapore.

The relationship between participation in the performance appraisal process and various employee reactions was explored by Cawley, Keeping and Levy (1998) through the meta-analysis of 27 studies containing 32 individual samples. The overall relationship (rho) between participation and employee reactions, corrected for unreliability, was 0.61. Various conceptualizations and operationalizations of participation and employee reactions also were discussed and analyzed. Overall, appraisal participation was most strongly related to satisfaction, and value-expressive participation (i.e., participation for the sake of having one's "voice" heard) had a stronger relationship with most of the reaction criteria than did instrumental participation (i.e., participation for the purpose of influencing the end result).

Sinnott’s (1988) assessment of younger workers as loyal only to themselves has been made largely on social observations. A study conducted in 1982 to examine the career values of new college graduates surveyed 1,991 seniors from 50 colleges and universities nationwide. A follow-up survey was completed by 913 of the original respondents 18 months after graduation. Both surveys explored career values in eight areas: career planning and the job search, perceived determinants of career success, preferred job attributes, work ethics attitudes, performance appraisal and compensation, tradeoffs, organizational practices, and organizational loyalty. The follow-up survey also collected information on the graduates' job characteristics. The findings suggest that new professionals are willing to work hard, but they expect that hard work to pay off. They appeared confident of their individual abilities and believed that their rewards should be based on performance. New professionals seemed to have a clear idea of what they wanted from their jobs, desiring opportunities to develop and meet their potential, be creative, and increase control over their work lives. While they appeared to view the demands of their jobs as important, they were unwilling to elevate them above other demands (family, health, ethical standards, personal happiness). The high turnover among the respondents early in their careers suggests a willingness to move if things are not right.
According to Timmreck (1999) words used to describe behavior at work have strong emotional and behavioral implications for those being judged by them. Words used to describe work behavior in assessment of work activities express measurement of performance on appraisal forms as objective or subjective. Work descriptors taken from performance appraisal forms from 47 of 100 hospitals, 35 of 480 management textbooks, and 22 of 150 journal articles were placed in three levels of objective to subjective for frequency of use. More work descriptors were subjective than objective. Work descriptors from journals presented many subjective traits but used more objective than subjective traits while textbooks included many subjective traits as objective descriptors. Use of subjective work descriptors in the journals and textbooks encourages subjective assessment of workers. To be objective, performance appraisals must use objective words to describe and assess work in graphic rating forms.

Brownell (1994) discusses performance appraisals in business. He describes a performance appraisal assignment that involves written assignments, role-playing an appraisal interview, and subsequent discussion of issues that arise.

An article by Budhwar, Luthar and Bhatnagar (2006) highlights the context within which business process outsourcing (BPO) has rapidly grown in India and the critical need to investigate the dynamics of human resource management (HRM) practices and systems in this sector. Using a mixed-method approach involving both in-depth interviews and self completing questionnaires, we analyze the nature of HRM systems in BPO organizations operating in India. The analysis is based on a sample of 51 BPO companies, a majority of which are located near the capital of New Delhi. The results focus on the nature and structure of work and organization of Indian BPOs, as well as the strategic role played by HRM in such organizations. Furthermore, the findings highlight the way specific HRM practices such as recruitment, performance appraisal, training and development, and compensations are implemented. Our study suggests the existence of formal, structured, and rationalized HRM systems in Indian BPOs. A number of insights related to HRM policies and practices are shared by the HR managers interviewed shedding more light on the inner workings of the Indian BPO companies and their challenges. The analysis provides original and useful information.
to both academics and practitioners and opens avenues for future research on the nature of HRM systems and practices in the Indian BPO industry.

Connel and Nolan (2004) analyses whether Performance appraisal and managing performance are one and the same or fundamentally different? Although effective performance management has been touted as the key lever for change that may boost individual and team accomplishment in organizations, the results will be limited if it is a case of ‘old wine in new bottles’. The results of two case studies indicate that performance management systems operate in the same way as ‘old’ performance appraisals. Some interviewees perceived that ‘knowing how to play the corporate game’ was as important as performing well. Those who ‘play the game’, were perceived as advancing, while those who performed but did not ‘play the game’ were left confused about their performance, and subsequently, their future. Data analysis suggests that if managers want to introduce more innovative ways of managing performance, the solution could be in the level and frequency of informal feedback occurring between managers and employees.

The concept of Performance Appraisal has (HRM, Review2002) great potential for improving employee as well as organizational performance. Traditionally, managers relied on Performance Appraisals to improve the performance of an employee. This notion was widely accepted and practiced. The process of Performance Appraisal will be a useful tool for managing performance and it reflects the organization’s values, needs and goals. The organization’s mission and vision statements must be reflected in the Performance Appraisal System. This should be communicated to employees right on the first day through various media like notice boards, hand books etc.... It is very important for an organisation to focus on the future rather than the past. Targets should be carefully selected, defined, recorded, tracked and reported. They should be challenging as well as achievable.

In the last few years, research has shown that the strategic use of human resource management (HRM) is likely to be one of the most important determinants of organizational performance. Researchers have built evidence that links HRM practices with corporate performance Drawing on extensive body of research on strategic human resource management examines the effects of SHRM practices on firm performance during significant macro environment changes. Empirical studies of
HRM do seem to be consolidating attention on certain broad areas of policy namely: careful investment in recruitment and selection; provisions for training and employee development; performance management and appraisal; and appropriate payment systems including some form of incentive bonus component.

The performance appraisal process has gone through several important phases of development. From the simple measurement of output produced by blue-collar workers it has developed into a sophisticated management function characterized by a close relationship between individuals’ goals and organizational objectives. Human behaviour is complex and complicated, hence understanding and manipulating it for effective organizational results requires going beyond the mastery of rhetoric and untested concepts. Performance appraisal has always been a hot and challenging issue for the managers across the world, HR managers as well as the line managers. Performance appraisals can actually be counter-productive for employees who are in the greatest need of training and further development. There is almost not a single organisation, public or private, which does not conduct performance appraisals in one form or another. Performance appraisals are one of the most widely used tools within HR (Human Resources).