CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

Once a topic has been decided, it is essential to review all relevant materials which have a bearing on the topic. In fact, review of literature begins with a search for suitable topic and continues throughout the duration of the research work. Since a research report, either a dissertation or a thesis, is supposed to be an in-depth study of and contribution to existing knowledge, a careful check should be made that the proposed study has not previously been carried out.

The study of performance appraisal and training programmes has attracted many of the researchers and practitioners. There has been continuous research in the field of sugar industries and its methods, appraisal time, appraisal meeting, training programmes and their benefits in the industry. Though there is no dearth of document any evidence in the field of sugar industries, studies, particularly in Performance Appraisal and Training Programmes are rare. It is a field in the preschooler stage in India, when compared to other countries in the west. However, the available contributions from the following authors and researchers have been reviewed and a brief account of the review is given in this chapter.
Cummings (1973)\(^1\) in an article titled, “A Field Experimental Study of the Effects of Two Performance Appraisal Systems”, reported the results of a field experiment designed to test the effects of manipulating several elements of an operative level performance appraisal system. First, the multipurposive nature of appraisal in formal organizations is discussed. This is followed by a brief overview of the literature on performance appraisal. The design and results of the study at hand are then discussed.

Patton (1973)\(^2\) in his paper on “Does performance appraisal work?” states that performance appraisal can be a powerful force for performance improvement at both the individual and the corporate level, but few companies in the US and even fewer in Europe have learned to tap its full potential. Examining the differences between European and US performance appraisal practices, the author finds that some European companies have more than caught up with their American counterparts. He offers guidelines to overcome some difficulties prevalent on both sides of the Atlantic.

Randell (1973)\(^3\) in his paper titled “‘Performance appraisal: purposes, practices and conflicts’”, discusses the collection of information from and about people at work. It attempts to structure the field, define key problems, expose sources of conflict and point the way to resolving major difficulties.


Taylor and Wilsted (1974)\textsuperscript{4} in their article titled “Capturing Judgment Policies: A Field Study of Performance Appraisal” used mathematical models of judgment policy for evaluating 625 performance reports during a single rating cycle. Linear and nonlinear analyses are used to describe the cues most important in determining the overall ratings. In addition, performance rating policy is compared with stated policy for each of the 40 raters.

Bedeian (1976)\textsuperscript{5} in his paper titled “Rater Characteristics Affecting the Validity of Performance Appraisals” states that the task of developing effective performance appraisal systems is one of the most preferred contemporary problems of personnel administration. An abundance of literature is available detailing the problems and difficulties inherent in subordinate appraisals. Numerous studies have made suggestions for rating format and content changes. Some have even suggested the elimination of appraisal. More recently, an identifiable body of knowledge which seriously casts doubt on the use of supervisor’s judgment in evaluating employee performance has begun to emerge. The purpose of this paper is to explore this emerging body of knowledge and to examine its ramifications for performance appraisal.


Allinson (1977)\textsuperscript{6} in his paper describes a study of the effects of a training course on performance appraisal interviewing. Managers who had attended the course were asked, by means of a postal questionnaire, to compare their pre-training and post-training interviewing performances. There were three important findings. First, that the trainees had improved on almost every aspect of appraisal interviewing; secondly, it is not just the skill of interviewing which is important, but also an understanding of the role of performance appraisal; and finally, managers in mid-career may have the most to gain from training of this type.

Decotiis and Petit (1978)\textsuperscript{7} in their article titled, “The Performance Appraisal Process: A Model and Some Testable Propositions”, present a literature-based model of the determinants of the accuracy of performance ratings. The model indicates that the major determinants of accuracy are: (a) rater motivation; (b) rater ability; and (c) availability of appropriate judgmental norms. Several propositions and suggestions for further research are derived from the components of the model.

Wilsted and Taylor (1978)\textsuperscript{8} in their article titled, “Identifying Criteria for Performance Appraisal Decisions” states that appraising employee performance has long been regarded as an important part of the management function, for purposes of salary administration and recognizing future management potential. More recently performance appraisal has been

recognized for its value as one of the several tools available to organizations for employee motivation. Central to such programmes as 'Management by Objectives,' for example, is the motivational value of participatively developed goals, clearly communicated and supported with a clear and accurate perception by the subordinates regarding the criteria to be applied in appraising his/her performance against those goals. Indeed, what is perceived by individuals is often more important than 'reality' in influencing behaviour. Selective filtration by superiors and subordinates depends on the trust established, and serves to set expectations for performance in the work environment. Individuals function on the basis of perceptions. Accurate perceptions of the performance appraisal criteria by those being evaluated is essential to the motivational objectives of appraisal. Yet, even in the most formal rating programmes, the ratee's perception of appraisal criteria often varies widely from that actually employed.

Kleiman and Durham (1981)\(^9\) in their article titled, “Performance Appraisal, Promotion and the Courts: A Critical Review”, reviewed twenty-three Title VII court cases in order to determine the standards set by the courts in their assessment of performance appraisal systems when used as the basis for promotion decisions. The topics covered were adverse impact determination, the courts' adjudication strategy, and the evidence needed to justify the performance appraisal procedures. Among the major findings were the courts': (1) failure to adhere to the “applicant flow technique” of adverse impact determination, (2) interest in assessing performance appraisal systems regardless of their adverse impact, (3) ignorance regarding

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acceptable validation procedures, and (4) focus on objectivity in lieu of validity. The discussion offered suggestions to employers for developing a professionally sound and legally defensible appraisal system.

Cederblom (1982)\textsuperscript{10} in his article titled, “The performance appraisal interview: a review, implications and suggestions” reviewed the research on performance appraisal interview in the context of recent performance appraisal models. Three factors seem consistently useful for producing effective interviews: superior's knowledge of the subordinate's job and performance, superior's support of the subordinate, and welcoming the subordinate's participation. The appropriate function, frequency, and format of the interview, as well as goal setting and actual subordinate participation, depend on the characteristics of the employee and job.

Davis and Mount (1984)\textsuperscript{11} in their study evaluated the effectiveness of performance appraisal training in an organizational setting. Four hundred and two middle level managers were randomly assigned to one of the three conditions: no training, computer assisted instruction only (CAI), or CAI training plus a behavior modeling workshop (CAIW). Training effectiveness was assessed on two categories of dependent variables, managerial learning and managerial job performance. As predicted trained managers were found to be more knowledgeable of performance appraisal than untrained managers. Also as predicted, managers in the CAIW group conducted appraisal discussions which were perceived by employees as more satisfying.


than employees of managers in the no training group. Only partial support was obtained for the hypothesis that trained managers would be more effective in completing performance appraisal forms.

Lee (1985)\(^\text{12}\) in his article titled, “Increasing Performance Appraisal Effectiveness: Matching Task Types, Appraisal Process, and Rater Training” states that the search for one best performance appraisal format ignores differences among jobs. A performance appraisal system tailored to fit ratee task characteristics is proposed. This approach, which involves systems designed to deal with tasks where both availability of reliable and valid performance measures and knowledge of the transformation process may be either high or low, is expected to increase the relationship between observational accuracy and accuracy in rating performance, as well as to improve ratees' future performance.

Ilgen and Favero (1985)\(^\text{13}\) in their article titled, “Limits in Generalization from Psychological Research to Performance Appraisal Processes” states that most attempts to understand the performance appraisal process have been borrowed from social psychology. It is argued here that the experimental methods of social psychological research may not be well suited to the study of particular issues in performance appraisal. Several of the methods used in the basic literature are outlined, and the relevance of these methods in the study of performance appraisal is discussed.

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Kerr (1985)\textsuperscript{14} in his article examines how a company’s diversification strategy affects the problem of management control and the design of its management appraisal and reward systems. These systems have always been critical control mechanisms through which superiors have communicated expectations and given feedback to subordinates. The author argues that it is the extent and rate of strategic change that determines the control relationship between corporate and division managers. As the extent and pace of diversification increase, corporate managers can no longer exert knowledge-based control on divisional subordinates. The nature of this control relationship is then inevitably expressed in the way performance is evaluated and rewarded.

Smith (1986)\textsuperscript{15} in his article titled, “Training Programs for Performance Appraisal: A Review”, used twenty-four studies to review the effects of rater training on the psychometric quality of performance ratings. For comparison, training methods are categorized by (a) content of training; and (b) method used to present training. The results suggest that the most widely used rater training approach is inappropriate for improving rating accuracy. These findings are discussed in terms of Borman’s Model of Performance Appraisal (Borman, 1978). Training programs that improve rating accuracy are identified.


Dorfman and Loveland (1986)\textsuperscript{16} in their study examined supervisor perceptions and subordinate reactions to formal performance-appraisal reviews. The performance-appraisal behaviors of supervisors and the reactions of their subordinates were studied in a sample of university employees. A factor analysis revealed that there were three dimensions of formal performance appraisals: two developmental dimensions (being supportive; emphasizing performance improvement) and one administrative dimension (discussing pay and advancement). Regression analyses suggested that supervisors supported highly rated individuals and stressed improvement efforts on poor performers. After controlling for the level of previous performance ratings, results indicated that support in the appraisal review was associated with higher levels of employee motivation, while pay and advancement was associated with higher levels of employee satisfaction. Unfortunately, improvement efforts by the supervisors did not influence job performance one year later.

Muczyk and Myron (1987)\textsuperscript{17} in their article titled “Managing sales performance through a comprehensive performance appraisal system” state that to date, no single performance appraisal technique lends itself to all the purposes to which performance appraisals should be applied, is impervious to the errors that confound appraisals, is legally defensible, and readily accepted by subordinates. Since the various performance appraisals possess different strengths and weaknesses, the authors, by combining Management


by Objectives, Behavioral Observation Scales, and Forced Choice Ratings, have proposed an evaluation system that meets the above-mentioned criteria.

Waldman, Bass and Einstein (1987)\textsuperscript{18} in their article titled “Leadership and the outcomes of performance appraisal processes” discuss the extent to which transactional and transformational leadership practices are related to the attitudinal and rated performance outcomes of a performance appraisal process. This study involves 256 managers in a large business organization. Results indicated that only aspects of transformational leadership were related to performance appraisal scores. However, the contingent reward factors of transactional leadership, as well as all factors of transformational leadership, were 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.

Miner (1988)\textsuperscript{19} in his article titled, “Development and application of the rated ranking technique in performance appraisal” states that a performance appraisal procedure called rated ranking is described in which alternate rankings are followed by a rating of the individuals ranked within the limits imposed by the initial rank orders. This procedure was used by 21 foremen in evaluating 185 semi-skilled mine and plant employees of a single


company. The results of this application were used to investigate the value of the rated ranking procedure including reliability, nature of the distributions, differences between groups and individuals, halo, construct validity and potential bias in the evaluations. The results provide an encouraging picture of ranking procedures when the rated ranking process is incorporated. The approach has demonstrated value for the purpose of validating selection procedures.

Gabris and Mitchell (1989)\textsuperscript{20} in their article titled “The impact of merit raise scores on employee attitudes; the Matthew effect of performance appraisal” attempt to demonstrate that the score an employee receives on his or her performance appraisal can influence attitudes toward general management, organizational change, and fairness of evaluation instruments. Employees who score will tend to be positive toward management and supportive of the evaluation process, whereas those with average to low scores are more cynical towards management and feel that the evaluation process is unfair. Thus, performance appraisal scores can alternate exactly those employees who most need to improve, instead of trying harder, those with average to low scores rationalize why they are right and the raters wrong. This hardens their attitude towards the organization and can lead to lower performance. Hence, good employees tend to continue doing well and average to poor employees can become worse. For this reason, performance appraisal, even though it is handled objectively, can lead to a Mathew Effect. In general, employees don’t like hearing bad news, even if it is correct.

Herbert and Doverspike (1990)\textsuperscript{21} in their article titled, “Performance Appraisal in the Training Needs Analysis Process: A Review and Critique” state that a literature review leads to a model for using performance appraisal information in the process of analyzing training needs. The model identifies performance discrepancies, determines causes, and chooses interventions based on internal (employee) and external (work environment) factors. (SK)

Miller, Kaspin and Schuster (1990)\textsuperscript{22} in their article titled “The impact of performance appraisal methods on age discrimination in employment act cases” investigated the impact of personal and organizational factors and performance appraisal methods on Age Discrimination in Employment Act (ADEA) federal court cases. Discriminant analysis suggested that the employer was most likely to be the successful party when the employee was younger, particularly between 40-49 years old. Appraisal system characteristics which in previous studies were found to be significantly related to case outcome, were not reported in these case decisions. Traditional legal case analysis was used to explore the relationship of performance appraisal methods and the personnel action giving rise to the complaint.


Williams and Hummert (1990)\textsuperscript{23} in their article titled, “Evaluating Performance Appraisal Instrument Dimensions Using Construct Analysis” state that performance appraisal evaluation has focused on psychometric refinements. This paper proposes an alternative method of evaluation by concentrating on the dimensions of the appraisal instrument. These dimensions are compared with organization members’ constructs for productive behavior. To the extent that the constructs and the dimensions are similar, the system will be more effective in evaluating productive behavior. Implications for the evaluation of performance appraisal systems are discussed.

Meyer (1991)\textsuperscript{24} in his paper titled “A solution to the performance appraisal feedback enigma” states that it is hard to dispute the value of the ubiquitous formal performance appraisal programs used in almost all large organizations. In theory, these programs should serve important organizational objectives. Each employee should be evaluated at least annually and be given feedback to communicate how he or she is performing. In practice, however, most managers find these feedback interviews distasteful. Unless constrained by some sort of administrative pressure, like a subordinate sign-off requirement, managers are likely to ignore the responsibility. The traditional manager-to-subordinate performance appraisal feedback interview is becoming anachronistic in our culture. The appraisal feedback interview is a very authoritarian procedure--


a parent-child type of exchange. Most modern organizations are moving away from authoritarian management toward an involvement-oriented working environment. A performance review discussion based on the subordinate's self review fits an involvement-oriented climate much better than the traditional top-down performance review discussion. It also has the advantage of forcing the manager into a counseling mode, rather than serving as a judge. Research has shown that performance review discussions based on self-review prove to be more productive and satisfying than traditional manager-initiated appraisal discussions.

Bretz, Milkovich and Read (1992) in their article titled, “The Current State of Performance Appraisal Research and Practice: Concerns, Directions, and Implications” state that on the surface, it is not readily apparent how some performance appraisal research issues inform performance appraisal practice. Because performance appraisal is an applied topic, it is useful to periodically consider the current state of performance research and its relation to performance appraisal practice. This review examines the performance appraisal literature published in both academic and practitioner outlets between 1985 and 1990, briefly discusses the current state of performance appraisal practice, highlights the juxtaposition of research and practice, and suggests directions for further research.

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Maroney and Buckley (1992)\textsuperscript{26} in their article titled, “Does research in performance appraisal influence the practice of performance appraisal: regretfully not!” state that thousands of studies on performance appraisal (PA) exist in both the academic and practitioner literatures. The intended purpose of many of these works is to somehow link PA to performance; i.e., to utilize the process as a performance-enhancing instrument. Employee perceptions of PA are vital to the acceptance of PA validity, and must be examined prior to any further extension of the process; yet few studies have shown credence to this premise. This paper examines employee perceptions and their implicit consequences, following such aspects of PA as perceived accuracy, feedback, participation, rater training, rewards, and others. The working market's utilization of many proven PA components is dismal; we discuss rater training and diary-keeping as two plausible factors for improving PA accuracy, fairness, and the perceptions of same are discussed. Further, it is suggested that practitioners must fully sponsor the results of the vast PA research efforts to improve the process as a prerequisite to improving performance.

Kenett, Waldman and Graves (1994)\textsuperscript{27} state that recent efforts toward achieving total quality in organizations may be incompatible with human resource management practices. This paper focuses on the problems and issues associated with performance appraisal in a total quality environment. Pilot study findings are presented suggesting that traditional performance


appraisal may not be conducive to total quality efforts. Elements of a new performance appraisal paradigm are suggested.

Woehr and Huffcutt (1994)\textsuperscript{28} in their article titled, “Rater training for performance appraisal: A quantitative review” state that a substantial amount of research in the performance appraisal literature has focused on rater training as a means of improving performance ratings. Unfortunately the value of this research is somewhat equivocated by a lack of organization and integration. The present study provides an integration and a quantitative review of the rater training literature. A general framework for the evaluation of rater training is presented in terms of four rating training strategies (rater error training, performance dimension training, frame-of-reference training, and behavioural observation training) and four dependent measures (halo, leniency, rating accuracy and observational accuracy). Finally, a meta analytic review is presented to assess the effectiveness of the rater training strategies across the four dependent measures.

Harris and Smith (1995)\textsuperscript{29} in their article titled, “A field study of performance appraisal purpose: research- versus administrative- based ratings” state that many researchers have discussed the theoretical and practical importance of rating purpose. Nevertheless, the body of empirical studies, the majority of which were conducted in a laboratory setting, focus on leniency. There has been little research on other effects of rating purpose.


The present study examines 223 ratees in a field setting for whom there were both administrative-based performance appraisal ratings (which were actually used for personnel decisions) and research-based performance appraisal ratings (obtained for a validation study). Two of the hypotheses were supported; administrative ratings were more lenient than research-based ratings. The administrative-based ratings demonstrated a statistically significant relationship with ratee seniority, while the research-based ratings did not. There was mixed support for a third hypothesis: Research ratings were significantly correlated with a predictor, while the administrative ratings were not. The difference between the validity coefficients, however, was not significant. Contrary to the hypothesis, the rank order between administrative-based and research-based ratings was relatively high ($r = 33$).

Shah and Murphy (1995)\(^{30}\) in their article titled “Performance Appraisals for Improved Productivity” state that employee performance appraisal is a dynamic and evolving process for many civil engineering firms. As a tool to advance the interests of the civil engineering industry, a survey was conducted in 1981 to find out how various civil engineering firms manage their employee-appraisal programs. This paper summarizes the results of a follow-up survey recently conducted to track new trends in the performance-appraisal process. The findings of the survey were interesting in that many firms felt the employee-appraisal process helped enhance the performance of both the employee and the organization. The survey found that more firms today have formal employee-appraisal programs in place, and the majority of respondents believe appraisals help

increase productivity and motivation if handled properly. The survey identified areas of the appraisal process that need to be improved: consistency in the process and timing; improved training; good follow-up; firm commitment from the top management; and more open, sincere discussions.

Wanguri (1995)\textsuperscript{31} in his article entitled “A Review, an Integration, and a Critique of Cross-disciplinary Research on Performance Appraisals, Evaluations, and Feedback: 1980-1990” reviewed one hundred and thirteen empirical studies on performance appraisals, published between 1980 and 1990 in business, communication, and psychology journals. Results of this synthesis include the following: organizations use collaborative and traditional instruments to evaluate employees, training of raters is essential, multiple raters are more effective than single raters, inter-rater agreement is strong between peer and supervisory ratings, and performance feedback is positively correlated with ratee job satisfaction. By imposing Bolman and Deal's four-part organizational framework on performance-appraisal literature, it is possible to make recommendations for future research that are human-resource and political-symbolic oriented. Recommendations call for more studies that investigate counter rational dimensions in performance appraisal, interaction effects between rater and ratee characteristics, preferences of raters and ratees towards components in performance appraisal, and communication transactions within the framework of the performance appraisal.

Conway (1996)\textsuperscript{32} in his article titled “Analysis and Design of Multitrait-Multirater Performance Appraisal Studies” states that Becker and Cote (1994) found that the correlated uniqueness model outperformed the confirmatory factor analysis and direct product models for multitrait-multimethod data. The present study analyzed 20 multitrait-multirater performance appraisal matrices. The correlated uniqueness model was appropriate significantly more often than in Becker and Cote study and the other two models performed poorly. The proportions of trait and method variance in ratings were related to several rating system characteristics such as opportunity for raters to observe ratees and basing rating dimensions on a job analysis. Performance of all the three models was better with larger proportions of trait variance and smaller proportions of method variance.

Longenecker and Nykodym (1996)\textsuperscript{33} in their article titled “Public sector performance appraisal effectiveness: a case study” felt that performance appraisal usage is expanding in public sector organizations across the US. Organizations employ the formal appraisal process with the belief that it provides them with a host of potential human resource benefits. In this study, 254 members of a large public sector organization were surveyed to assess the degree to which the organization’s formal performance appraisal system was perceived as being effective in serving functions typically associated with the appraisal process. In addition, differences in manager/subordinate perceptions were analyzed and


suggestions for improving the appraisal process were solicited. This research demonstrates that a properly developed appraisal process can serve both managers and subordinates in a number of important areas. At the same time, several critical functions of the appraisal process were found to be less than effective. A discussion of the implications of these findings to both academics and practitioners is included.

Stathakopoulos (1997)\textsuperscript{34} revealed that performance appraisal characteristics in performance appraisal systems for marketing managers have a direct effect on the managers' performance. Managers find performance appraisals helpful when the system incorporates appraisal forms, performance feedback, and evaluation in terms of output, and they generally respond to criticisms from superiors by reducing their dysfunctional behaviour. The performance feedback is a vital element in managers' response to appraisal. Marketing managers expect performance feedback. It clarifies expectations and signifies constant evaluation.

Longenecker and Fink (1999)\textsuperscript{35} in their article entitled “Creating Effective Performance Appraisals”, indicate that performance appraisals can be a good way for organizations to boost employees' motivation and hone their competitive edge. But creating useful performance appraisals -- and making sure they are used effectively throughout an organization -- isn't easy. The 10 lessons here can help a company move closer to appraisals that help staff perform their best.


Pettijohn, Pettijohn and Taylor (2000)\textsuperscript{36} in their article titled “An Exploratory Analysis of Salesperson Perceptions of the Criteria Used in Performance Appraisals: Job Satisfaction and Organizational Commitment” state that in some sales organizations the performance appraisal is treated as a bureaucratic exercise required by some "higher-up" executive. As such, sales managers may essentially conduct appraisals in an arbitrary and perfunctory manner. This behavior could be the result of the manager's perception that conducting performance appraisals requires considerable amounts of time and effort, which provides few rewards, but adds considerably to the manager's level of conflict and stress. The purpose of this research is to examine the relationships existing between one aspect of performance appraisals, salesperson perceptions of the appropriateness of the criteria used, and two other variables, organizational commitment and job satisfaction. A survey of retail salespeople provided the data required to evaluate the relationship between satisfaction, commitment, and the perceived appropriateness of the criteria used. The findings indicate that salesperson satisfaction levels are significantly correlated with the level of the perceived inappropriateness of the evaluation criteria used. However, the findings also indicate that the perceptions of the inappropriateness of the evaluation criteria are not significantly related to the salesperson's level of organizational commitment. Based on these findings, recommendations are made regarding the salesperson's role in the development of the performance appraisal process.

Fletcher (2001)\textsuperscript{37} in his article titled, “Performance appraisal and management: The developing research agenda” expresses that performance appraisal has widened as a concept and as a set of practices and in the form of performance management has become part of a more strategic approach to integrating HR activities and business policies. As a result of this, the research on the subject has moved beyond the limited confines of measurement issues and accuracy of performance ratings and has begun to focus more of social and motivational aspects of appraisal. This article identifies and discusses a number of themes and trends that together make up the developing research agenda for this field. It breaks these down in terms of the nature of appraisal and the context in which it operates. The former is considered in terms of contemporary thinking on the content of appraisal (contextual performance, goal orientation and self awareness) and the process of appraisal (appraiser–appraisee interaction, and multi-source feedback). The discussion of the context of appraisal concentrates on cultural differences and the impact of new technology. In reviewing these emerging areas of research, the article seeks to explore some of the implications for appraisal practice at both organizational and individual levels.


among foreign and domestic firms in India” state that countering culture-based analyses indicating homogeneity in Indian management practices, this empirical study compares performance appraisal practices and management values in India by firm ownership. Differences in Indian private investor corporations, public sector enterprises, foreign/joint ventures and private family businesses are examined to assist managers to adapt selectively to firms in the changing Indian economy. Theoretical and managerial implications, as well as future directions for research are discussed.

Shibata (2002)\textsuperscript{39} in her article titled “Wage and Performance Appraisal Systems in Flux: A Japan-United States Comparison”, states that 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. 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.

Brown and Heywood (2005)\textsuperscript{40} in their article titled “Performance Appraisal Systems: Determinants and Change” used establishment data from the Australian Workplace Industrial Relations Survey to estimate 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. 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.

Jawahar (2006)\textsuperscript{41} in his article titled, “Correlates of satisfaction with performance appraisal feedback” states that the relative lack of research on employees’ reactions to performance appraisal feedback is the primary impetus for this study 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. Implications of results for researchers and practitioners are discussed.

Kuvaas (2006)\textsuperscript{42} in his article titled “Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation” 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. Implications for practice and directions for future research are discussed.

Miller and Thornton (2006)\textsuperscript{43} in their article titled “How Accurate Are Your Performance Appraisals?” state that accuracy of performance appraisals is very important in public personnel management. They provide "benchmark" data from the research literature. They also provide a method for correcting error in the data so that practitioners' data may be more accurately evaluated. They also demonstrate the degree to which multiple raters will improve the accuracy of appraisals. Finally, They make suggestions as to how the PPM professional may improve the accuracy of performance ratings based on the research concerning rating versus ranking performance, the supervisors' knowledge of the employee and the number of dimensions being appraised.

Spicer and Ahmad (2006)\textsuperscript{44} in their article titled, “Cognitive processing models in performance appraisal: evidence from the Malaysian education system” state that the effectiveness of the decision-making process in appraisal has been of long-standing interest. This paper reports the results of research exploring the extent to which those undertaking appraisals apply systematic processes to their decision-making, represented in terms of the cognitive processing models applied by appraisers. Results of 22 cognitive mapping interviews exploring appraisal practice, undertaken with appraisers in the Malaysian education system, are described. The resultant cognitive maps have been explored for what they tell us about the cognitive processing models underlying appraisers' decision-making. Results suggest that the


practice of appraisal evidenced in interviews demonstrates the presence of cognitive processing that reflects theoretical cognitive processing models, although some differences are observed between less experienced and experienced appraisers' models. Implications from the interview findings for the practice of appraisal are identified.

Doleh and Weir (2007)\textsuperscript{45} in their article titled “Dimensions of performance appraisal systems in Jordanian private and public organizations” explore the attitudes of human resource managers working in the Jordanian private and public organizations towards the functions of their performance appraisal systems, and to the ways in which performance appraisal systems are implemented. A self-completion questionnaire was the main data collection method used in this study. Data were collected from a randomly selected sample of 74 organizations (38 private and 36 public organizations) that have a separate and formal HR department. The study contributes empirical information about human resource management in a relatively under-researched region. Major research findings of this empirical study include that performance appraisal systems had a moderate impact on the four functions of performance appraisal systems. These functions were grouped as: (1) between-individuals comparisons; (2) within-individuals comparisons; (3) systems maintenance; and (4) documentation. The results of the study revealed that private organizations’ performance appraisal had significantly greater impact than their counterparts in the public sector on promotion, retention/termination, lay-offs, identifying individual training needs, transfers and assignments. This study also indicated that performance

appraisals were conducted once a year, and the appraisee managers were primarily responsible for conducting performance appraisals. The study concludes within a set of recommendations for improved practice. Chief among these recommendations is that performance appraisal systems in the Jordanian context need to better serve the four functions of performance appraisals discussed in this paper and the need to include other than the appraisee’s manager in the appraisal process.

Catano, Darr and Campbell (2007)\(^\text{46}\) in their article titled, “Performance appraisal of behaviour-based competencies: A reliable and valid procedure” cited that a new performance appraisal system, developed 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.

Chu and Chen (2007)\(^\text{47}\) in their article titled “Performance Appraisal Systems in Service and Manufacturing Industries: Evidence from Taiwan” state that in recent years, the service industry in Taiwan has achieved rapid growth, not only in terms of productivity but also in the percentage of the

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labor employed as compared with the manufacturing industry and has become Taiwan's largest industry. Based on empirical data derived from 328 questionnaires, 125 from the service industry and 203 from the manufacturing industry, this study is aimed at exploring the differences in performance appraisal systems between these two industries. The results show that the service industry pays more attention to administration, while manufacturing industry emphasizes on development more. The service industry is also more concerned about quantitative criteria, while the manufacturing industry emphasizes qualitative ones. The implications of these findings for managers in these two kinds of industries are discussed.

Jawahar (2007)\textsuperscript{48} in his article titled “The Influence of Perceptions of Fairness on Performance Appraisal Reactions” states that the success of appraisal systems may well depend on ratees’ perceptions of fairness and reactions to important aspects of the appraisal process. The primary purpose is to integrate the literatures on fairness perceptions and appraisal reactions to test specific, hitherto untested hypotheses. Consistent with predictions of Sweeney and McFarlin’s (Organizational Behavior and Human Decision Processes 55:23–40, 1993) two-factor model, results of structural equation modeling indicated that distributive justice influenced satisfaction with performance ratings and procedural justice influenced satisfaction with the appraisal system. Results indicated mixed support for Bies and Moag’s (Lewicki, Blair, Bazerman (eds) Research on Negotiation in Organization, JAI Press, Greenwich, CT, pp. 43–55, 1986) agent system model as procedural justice (and distributive justice) had more influence on

satisfaction with appraisal feedback than components of interactional justice perceptions. The implications of the results are discussed and suggestions for future research are offered.

Johnson and Shields (2007)\(^ {49} \) in their article titled, “Lessons from management–union partnership in teacher performance appraisal in the New South Wales public education system” state that performance appraisal is frequently seen as one of the hallmarks of the ‘new managerialism’ in public sector human resource management. It is also commonly represented as a device for individualizing the employment relationship. Yet even appraisal offers scope for employee voice/participation, both individually and collectively, and for varying degrees of management–union cooperation. This study examines an unlikely case of management–union partnership in performance appraisal – that applied since 2000 to teachers in Australia’s largest public schooling bureaucracy, the NSW Department of Education and Training, whose teachers have a long history of union solidarity and industrial militancy. The experiment can be seen as a union retreat from confrontationism, a concession to managerialism, and a resignation to the dominance of individualism over collectivism. However, it has also widened the scope for both union and employee voice at the workplace level.

Steensma and Visser (2007)\(^ {50} \) in their article titled “Procedural Justice and Supervisors’ Personal Power Bases: Effects on Employees’ Perceptions

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of Performance Appraisal Sessions, Commitment, and Motivation” made employees (N = 178) complete a questionnaire to evaluate performance appraisal sessions. Hypotheses derived from procedural justice theories were confirmed. Neutrality, standing, trust, and accuracy of information correlated positively with perceived procedural justice of PA sessions. Quality of outcomes of PA sessions also co-varied with perceived fairness. Moreover, personal power bases of supervisors (expert power, referent power) contributed to employees' procedural justice perceptions. Perceived procedural justice correlated, as predicted, positively with three outcome variables: satisfaction with PA session; organizational commitment; and motivation.

Varma and Pichler (2007)\textsuperscript{51} in their article titled, “Interpersonal Affect: Does It Really Bias Performance Appraisals?”, state that interpersonal affect has been found, in prior laboratory research, to be related to ratings of job performance. Such findings have been taken to mean that affect creates bias in ratings. The study was conducted to determine if this relationship would hold up in a field setting. The study was also designed to examine how structured diary-keeping, and the nature of the appraisal instrument, might be related to affect-appraisal relationships. The results for 85 raters and 404 ratees, suggested that affect was significantly related to all ratings, but more strongly related to trait-like ratings than task/outcome-like ratings, and that having raters keep performance diaries actually increased the strength of the relationship between affect and ratings. They concluded that affect may not be a biasing influence on ratings, but

\textsuperscript{51} Arup Varma and Shaun Pichler, “Interpersonal Affect: Does It Really Bias Performance Appraisals?”, JOURNAL OF LABOR RESEARCH, Vol.28, No.2, 2007, pp. 397-412,
may be a result of better subordinate performance. Results from an analysis of the diary content supported this conclusion. Implications for the role of affect on ratings and the nature of the relationship between past performance and interpersonal affect in field settings are discussed.

Addison and Belfield (2008)\textsuperscript{52} offered a replication for Britain of Brown and Heywood’s analysis of the determinants of performance appraisal in Australia. Although there are some important limiting differences between the two data sets — the Australia Workplace Industrial Relations Survey (AWIRS) and the Workplace Employment Relations Survey (WERS) — they reached one central point of agreement and one intriguing shared insight. 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 practises, and still less on the role of job control.

Asmu (2008)\textsuperscript{53} states that “Performance appraisal interviews” play a crucial role in internal communication. Most of the research on performance appraisal interviews has 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.

Chen and Fu (2008) in their article titled “A systematic framework for performance appraisal and compensation strategy” state that systematic strategic fit benefits organization’s performance and makes the organization systemic. Researches on performance appraisal strategy and compensation strategy are extensive, but most of them only focused on the single subject without the synergy of them. An extensive literature review is provided in this research to build up a systematic theoretical framework for performance appraisal and compensation strategy. Four propositions of the criteria and methods of performance appraisal and compensation strategy are inferred in this systematic framework. Furthermore, four situations of $2 \times 2$ combinations with the criteria and above methods are discussed for the new systematic performance appraisal and compensation strategy. Through this framework,

an organization can appropriately focus on employees’ representation or individual to evaluate and motivate employees in a rational or humanistic way.

Herdlein, Kukemelkb and Turk (2008)\textsuperscript{55} in their article titled “A survey of academic officers regarding performance appraisal in Estonian and American universities” state that higher education in the Baltic Republic of Estonia is experiencing rapid change as the country adjusts to a market economy in the post-Soviet era and adheres to principles established through the Bologna Process. Research in the area of performance appraisal, and the most effective approaches to motivate academic staff, is a key factor influencing change in a rapidly developing society. Using qualitative research, a survey was submitted to academic officers in 11 Estonian and four western New York (USA) colleges and universities. A total of 29 individuals completed surveys in Estonia (a response rate of 69 per cent). A convenience sample of eight academic administrators returned instruments in western New York, giving a response rate of 100 per cent. The results of the survey indicated that appraisal systems within American higher education are similar and based on a long tradition of connecting appraisal to the guidelines governing permanent appointment (tenure). Appraisal within Estonian universities is still rather basic and unified systems do not yet exist, as individual institutions employ a variety of procedures. The study was intended to accelerate the process of performance appraisal in Estonia and Eastern Europe.

Narcisse and Harcourt (2008)\textsuperscript{56} in their article titled, “Employee fairness perceptions of performance appraisal: a Saint Lucian case study” identified the essential factors which influence employees’ fairness perceptions of their performance appraisals, and determine 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.

Sanwong (2008)\textsuperscript{57} in his article entitled, “The Development of a 360-Degree Performance Appraisal System: A University Case Study”, examined the functioning of an innovative 360-degree performance appraisal system among a sample of 75 employees at a Thai university. The data for the system came from supervisors, colleagues, clients and junior staff as well as from the employees themselves. The validity of the system was examined on two occasions. While all employees were satisfied with the system, support and clerical staff in the university were more satisfied than academic staff. A number of suggestions were made for improving the 'working' of such a system in a university environment.

Wilson and Jones (2008)\textsuperscript{58} in their article titled “Reducing job-irrelevant bias in performance appraisals: compliance and beyond” state that job-irrelevant discrimination seems as ubiquitous as the performance appraisals in which it is commonly detected. This paper explores both compliance-based and more proactive approaches that deal with the various possible sources of discrimination in performance appraisal ratings. The suggestions lead to a code of practice for performance management in firms across cultures and national boundaries.

Bollen and Whaley (2009)\textsuperscript{59} in their article titled “Hedge Fund Risk Dynamics: Implications for Performance Appraisal” state that accurate


appraisal of hedge fund performance must recognize the freedom with which managers shift asset classes, strategies, and leverage in response to changing market conditions and arbitrage opportunities. The standard measure of performance is the abnormal return defined by a hedge fund’s exposure to risk factors. If exposures are assumed constant when, in fact, they vary through time, estimated abnormal returns may be incorrect. They employed an optimal change point regression that allows risk exposures to shift, and illustrate the impact on performance appraisal using a sample of live and dead funds during the period from January 1994 through December 2005.

Brutus, Fletcher and Baldry (2009)\textsuperscript{60} in their article titled, “The influence of independent self-construal on rater self-efficacy in performance appraisal” extend current knowledge on the use of performance evaluations in organizations by investigating the influence of self-construal on rater self-efficacy. Results from a survey completed by 105 experienced managers indicate that independent self-construal is related to various dimensions of rater self-efficacy. Moreover, experience with appraisals was found to moderate these relationships. The implications of these findings for the research and the practice of performance appraisal are discussed.

Grunda and Sliwka (2009)\textsuperscript{61} in their article titled “The anatomy of performance appraisals in Germany” investigated the use of performance appraisal (PA) in German firms. First, they derived hypotheses on individual

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and job-based determinants of PA usage. Based on a representative German data set on individual employees, they tested these hypotheses and also explored the impact of PA on performance pay and further career prospects. The results include that PA is positively linked to an individual’s willingness to take risks. The performance of older employees and women is evaluated less often. Furthermore, larger firms evaluate the performance of their employees more. They found evidence for a non-monotonic relation between the hierarchical level and usage of performance appraisal: The performance of employees with very high or very low responsibilities is assessed less often.

Zhang and Lovegrove (2009)\textsuperscript{62} in their article titled, “Performance appraisal for Chinese state-owned banking industry” state that performance appraisals, which are used to assist individual development and organizational planning, are considered an important part of effective human resource management. Studies of performance appraisal are invariably based on western theories, which can create issues when they are applied in different cultures, with China being identified as one such area. With China’s WTO accession and the entry of foreign banks, the Chinese banking sector has become an extremely sensitive area of development for the nation’s economy. It is important, therefore, to understand the factors surrounding performance appraisal and what does the process add to the efficiencies in the Chinese state-owned banking industry. This article is based on the data collected from the employees of Chinese state-owned banks from 2005 to 2007. The findings suggest that the employees’

perception of justice has a positive relationship to their overall satisfaction with both the performance appraisal process and their outcomes. However, statistically significant differences were found in relation to whether employees had received training in performance appraisal or not.

Vasset (2010)\textsuperscript{63} in his article titled “Employees’ perceptions of justice in performance appraisals” states that of all the tasks undertaken by human resource managers, performance appraisals (PAs) are one of the most unpopular among employees (Meyer 1991, Murphy and Cleveland 1995, Holbrook 2002, Jackman and Strober 2003). As PA guides and plans show (Fletcher 2004, Catalyst One 2010), PAs can be implemented in similar ways in organisations throughout Europe and developed countries elsewhere. But, if employees perceive PA processes as unfair, they may reject the usefulness and validity of the information they receive and so may not be motivated to change behaviour. This article concerns perceptions of organizational justice and explains the results of a study of perceived fairness in PAs among nurses and auxiliary nurses in Norway’s municipal health service.

Ravichandran, Venkataraman and Banumathy (2011)\textsuperscript{64} state that the state of Tamil Nadu with 37 operational sugar mills is a significant sugar-producing state of the country, contributing roughly 9-10 per cent to the national sugar production. The sugar industry has absorbed about 5 lakh rural people in the state. This paper studied the performance appraisal

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system followed in a cooperative sugar mill with a sample size of 75 labourers. The study has found that the sugar mill had adopted a good appraisal system and takes the appraisal at the time of probation period and further during the career promotion. The study has also found that there is a gap between the actual and desired performance. Hence, it was suggested to conduct annual performance appraisal to improve the efficiency of the employees and provide training on dependability, communication skill and skill development to improve the employee’s management quality.

2.2 CONCLUSION

It can be noted that many authors have conducted research on Performance Appraisal, focusing on effectiveness of Performance Appraisal and Training needs and Performance Appraisals for promotion, identifying material for Performance Appraisal decisions for manufacturing industries or service sector organizations. The studies that have researched the effects of rater, training on the psychometric quality of performance ratings were done by foreign authors in the developed nations and also conducted by Indian researchers, but none of the study has covered sugar industries. Hence, this was identified as a research gap by the researcher and in order to fill the gap, the topic “PERFORMANCE APPRAISAL AND TRAINING PROGRAMMES PRACTICED IN SUGAR INDUSTRIES IN ERODE DISTRICT” was chosen.