CHAPTER - II

REVIEW OF LITERATURE

The researcher has carried out of literature on performance appraisal.
The relevant parts of the literature reviewed are presented in the following
manner.

1. Review of Committee Reports
2. Review of Research Journals and Articles.

2.1 COMMITTEE REPORTS:

Landy and Farr (1980)\(^1\) presented a model of performance
appraisal that included 13 interacting factors: position characteristics,
organization characteristics, the purpose of the rating, the rating process,
scale development, the rating instrument, rater and ratee characteristics, the
observation and storage of performance data, the retrieval and judgement of
that performance analysis of this information, performance description and
in the end personnel action.

Khader, S.A (2000)\(^2\) “Deputy Director General NPC in his study
“Human Resource Development: Indian perspective” emphasised on the
importance of human resource development and its adaptation to the fast
changing requirement of the techno-economic and techno-managerial scenario of the country. He stated that the human resource development has become vital to the organisation functioning to retain and improve the competitive edge of the enterprise. The study focused on some of the intervention that are promoted by the government which includes training and development, in addition to propelling development of innovation teams amongst departments as well to provide appropriate technology consultation in related areas.

Deepshikha Mehta (2004) discussed in the study that the new managers must use the current organisations way of appraisal and not that was used in their earlier organisations way of appraisal. It is nothing but to maintain equality in appraisals is about being consistent, people focused and objective appraisals based on the equality principle will promote a sense of belonging and will help employees in identifying themselves with the organisation.

Payal Agarwal (2005) pointed in the work “when an employee’s performance falls short...” that work turned by an employee may be of unacceptable quality or error-laden. The study focused on five-pronged approach for every manager to address and resolve the issue i.e., (i) to give employees a clear picture of what is expected from them which requires better performance plan, (ii) to identify patterns of unsatisfactory
performance and provide appropriate feedback of the year and to know where is it going wrong, (iii) a private, uninterrupted meeting with concerned employee must be arranged and concentrate on the performance and not the person in fronts of you, (iv) an opportunity period to improve the performance must be given and such employees must be provided with necessary support through additional training, (v) Employee’s performance must be assessed and see whether his performance has reached expected benchmarks or not.

**Bindu Sridhar (2006)** in the article “HR Functions for the Digital Age” focused on companies that are using high technology to enhance administrative effectiveness and the HR function is no exception to this. Human resource management in the digital age is not just about computerized payrolls and online recruitment drives. In fact, leading technology solutions available in leading the market to support almost every function of HR and ensure the fullest utilisation of human capital and have completely transformed the way in which HR functions are. The study highlighted on positive corporate intranet module for sharing HR related information, performance assessment and review training programme.

**Government of India Report (2009)** issued memorandum to Ministry of heavy industries and Public Enterprises that performance appraisal of top management incumbents of CPSEs, wherein it has been,
inter alia, provided that all adverse entries recorded in Annual Performance Appraisal (APR) of an officer should be communicated to the concerned officer for maintaining transparency in public administration.

Committee Report of Public Enterprises (2009) Committee recommended improving the existing Annual Performance Report (APR) formats as well as the processes and procedures of writing the APR of Chief Executives, Chairman, Managing Directors and General Managers. It was discussed that the APR should be clear and unambiguous and a detailed time schedule for each and every process of performance Appraisal exercise so, that the exercise is completed before completion of one year after the reporting year.

Committee Report on HR issues (2010) the committee recommends that PSBs to introduce and implement PMS for promoting high performance culture. PMS should be credible, transparent and interactive system. Online PMS to be introduce. Appraising authorities to be accountable for proper and timely assessments further committee recommended that PSBs to introduce 360 degree feedback as leadership development.
Ministry of Corporate Affairs Companies (2011)\textsuperscript{9} Committee has brought out the present guidance note on Performance Appraisal Report. It has highlighted that performance measures help managers to create capable and matured processes. Measures are tool to understand, manage and improve the performance of the organisation as a whole. Effective performance measures can monitor performance to judge how well the company is fairing, helps in knowing whether company management is meeting its goals.

2.2 **RESEARCH JOURNALS AND ARTICLES:**

**Eichel and Bender (1984)\textsuperscript{10}** stated that performance appraisal can also be called as the Achilles heel of management. Although leaders of many public organizations strive to be employee focused or employee centered, a lot of emphasis is given to a process intended to assist the employee in achieving both personal and organizational goals.

**Bernardin and Beatty (1984)\textsuperscript{11}** suggested that employee reactions to a performance appraisal system and usually better indicators of the overall viability of a system than the more narrow psychometric indices.

**Goyal (1987)\textsuperscript{12}** presented a checklist of qualities which help management to diagnose the organization culture which help to maintain and develop the people.
Martin T.P. (1987)\textsuperscript{13} in his study on Human Resource Development highlighted that proper guidance is essential to motivate Human Resource Development. An overall improvement in the work environment has been suggested to promote efficient human resources.

Cleveland, Murphy and Williams (1989)\textsuperscript{14} suggested that performance appraisal information is most frequently used for salary and administration, performance appraisal is often used for multiple purposes rather than a single function.

Pooyan and Eberhardt (1989)\textsuperscript{15} also reported the supervisory employees who also played the role of appraiser were more satisfied with the system, as they have more knowledge and have more information about the system. Further authors found that individuals working at higher position can participate more in the development/ execution of various policies/procedure regarding performance appraisals, therefore, they have more knowledge and understanding of the system.

Dobbins, Cardy and Platz Vieno (1990)\textsuperscript{16} told five outcomes, i.e., use of evaluations as feedback to improve performance, reduced, employee turnover, increased motivation, existence of feeling of equity among employees, linkage between performance and rewards.
Evans (1991)\textsuperscript{17} noted the raters should be trained on various aspects like supervision of the system to pay, and how to provide employee feedback. The training will equip ratees with expertise and knowledge that they need in making decisions in the course of the process.

Bretz, Milkovich and Read (1992)\textsuperscript{18} indicated that the most important performance appraisal issue faced by organisation is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair.

Daft (1994)\textsuperscript{19} states a “Performance appraisal comprises the steps of observing and assessing employee performance, recording the assessment and providing feedback to the employee”. It is the manner in which a supervisor delivers the assessment that can have a biggest impact on the employee. The evaluation must be a good balance between positives and negatives in order to encourage employee to change their job performance.

Devarajan, R (1995)\textsuperscript{20} in his article “Role of Performance Appraisal” stresses that the most valuable asset for a company is its people and people as an asset appreciate over a period of time while all other assets depreciate over a period of time. One of the major responsibilities of a manager is to improve and update the knowledge and skills of his
employees, as an ongoing process, at an optimum pace. It is in this context stated that performance appraisal plays a significant part as a tool and technique of management development and growth.

**According to Susan (1995)** performance evaluation system is fair if (1) It provides adequate notice; (2) Fair hearing which requires a formal review of meeting in which an employee is informed of a tentative assessment of his/her performance and employees are permitted to challenge the assessment; and (3) Judgement based on evidence that requires the organization to apply performance standards consistency across employees.

**Murphy and Cleveland (1995)** suggested that employee reaction to appraisals is a class of neglected criteria that should be considered in evaluating the success of a system.

According to **Deborah F.B. and Brain.H.Kleiner (1997)** organizations need to have a systematic framework to ensure that performance appraisal is “fair” and “consistent”. In their study of designing effective performance appraisal system, they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee
performance and organizational goals through individualized objectives and performance criteria.

**Skarlicki and Folger (1997)**

Suggested that the appraisal process can become a source of extreme dissatisfaction when employees’ believe the system is biased, political or irrelevant.

**Boice and Kleiner (1997)**

believed that it is important that the support documentation for performance should be maintained by the supervisor. Authors concluded that to develop an effective performance appraisal system, requires strong commitment from top management. To build linkage employees must have individualised objectives and the performance criteria which allow them to relate directly to the organisation. Objectives should be developed jointly by the supervisor and the employees.

**Longenecker (1997)**

contended that a performance appraisal system helps the organisation to identify three major things: performance standards, core competence and communicating to employees comparing the employees. Performance appraisal is vital in making future improvement. The performance appraisals are supposed to be conducted at least twice annually.
Mathis and Jackson (1998)\textsuperscript{27} Appraisals which create feelings of Justice and trust among employees result in increased employee motivation. Employees know about their strength and weaknesses through performance appraisal implementation and it also help both employee and manager to improve on-the-job performance. Performance appraisal assists in human resource planning by analyzing training and development needs and by identifying high level performers in the organization.

Martin and Bartol (1998)\textsuperscript{28} discuss the need to monitor a performance appraisal system to keep it responsive to the needs of the organization the major actions required to maintain a performance appraisal system include three major categories, controlling the system, monitoring the system, and furnishing feedback to those who use the system. Control of the system includes the more technical aspects of the system such as rating techniques, rating period, rater training and development of performance standards, evaluation of the actual conduct of the appraisal process and interview, and analysis of the intended, perceived and actual use of the system. Other factors in monitoring the system include attitudinal outcomes. Human Resources Development Quarterly Vol. 18, No. 3 review of the actual quality of rating to check for rater biases, inconsistencies, rating inflation and investigation for any adverse impact as results of the system. The third primary area to monitor is that of the
amount of quality of feedback generated as part of the performance appraisal process.

**Blau (1999)** argued that employees’ satisfaction with various aspects of performance appraisal like performance targets setting and performance feedback are related to fairness of appraisal system.

**Geddes, Deanna and Konrad (2002)** conducted a study on “Demographic Differences and perceptions of performance appraisal”. They examined the difference between employees and their managers regarding perceptions of performance appraisal in general and negative feedback.

**Piggott-Irvine (2003)** effectiveness occurs when the appraisal interactions are non-controlling and Non-defensive, but are supportive, educative and yet confidential. Effective appraisal is underpinned by a relationship of respect and has outcomes directly linked to improved learning and teaching. He narrates that effectiveness is also linked to appraisal processes and information that have clarity. Objectivity and high integrity development is good rather than a quick expedience.

**Walsh and Fisher (2005)** Call formal meeting between the rater and ratee as “Action Inquiry”, is a method where organisational members use dialogue to foster their working relationship. This kind of dialogue can
be used to enhance individual and group decision-making in an organisation, thereby improving productivity.

DELPO (2005) said that an effective performance appraisal system will help the organisation to provide a solid foundation for all aspects of the employer/employee relationship. Such a system can help.

1. Determine how the job of each employee can contribute to achieve the overall goals of the organisation.
2. Examine each employee as an individual to evaluate the employee’s strengths and weaknesses.
3. Identify and reward good employees, in order to foster loyalty and motivate employees to continue to achieve.
4. Keep employee morale high through continuous feedback.
5. Stay on top of the needs of workforce to ensures employee retention and increase productivity and innovation
6. Reduce the risk of complaints and litigation by ensuring that employees feel treated fairly and are not surprised by management decisions.
7. Identify and deal with problem employees to either turn those employees into valuable productive workers or lay the groundwork for discipline and if necessary termination.
All of this translates into a better employee performance, which leads to improve departmental performance as well as the success of the organisation.

De Nisi and Pritchard (2006)\(^{34}\) observed that performance appraisal organisation. Research has been criticized for its excessive emphasis on psychometric issues and the authors suggested that appraisal research should, focus on designing effective performance appraisal systems that can motivate employees to improve employee performance. Employee reactions to appraisal in terms of perceived employee fairness, accuracy and satisfaction are important components of appraisal effectiveness because these perceived employee reactions can motivate employees to improve their performance.

Teratanavat, Raitano and Kleiner (2006)\(^{35}\) found outcomes like reduced employee stress, review of overall progress, linkage between current performance and employee’s goals and development of specific action plans for future.

Young Court, Leiva and Jones (2007)\(^{36}\) suggested that the common purpose of performance appraisal tends to be aimed at measurement of individuals, and consider that this focus is insufficient. From the organization perspective, successful performance management is a key for
achievement of corporate goals. It is argued performance appraisal is the central component of performance management and so it must be that for an organisation, the purpose of performance appraisal is attainment of corporate goals.

Samita Gupta and Manisha Agarwal (2007) evaluated “Participation climate, managerial perceptions and performance appraisal leading to the development of the Human Capital in a Private Sector organisation”. This empirical based study examined the relationship between managerial perceptions of the climate of participation and the perceived effectiveness of performance appraisal system in a private sector organisation in North India. It was expected that the patterns of relationship between the variables under study would be positive in the organisation. The result focused on the importance of climate of participation for increasing organisational commitment with the help of a better performance appraisal system among managerial personnel in Indian organisations. The empirical findings, therefore, have an implication in development of skills, performance and commitment of the human capital in organisation. The sample for the present case study belonged to a single private sector organisation in Northern India.

John (2007) The researcher has conducted research with the purpose to assess what is utilised in the fire service currently and research
what component are needed to develop a functional performance appraisal system. Further research was conducted how to implement an appraisal system successfully in order to achieve the optimum benefits for both the fire-fighter and department utilizing the complied data.

Caruth and Humphreys (2008)\textsuperscript{39} suggested that it is a business imperative that the performance system includes characteristics to meet the organisational needs and all of its stakeholders (including management and staff).

Narcisse and Harcourt (2008)\textsuperscript{40} found that the accuracy of appraisal influenced perceptions of distributive justice. Performance appraisal research has also demonstrated that perceived accuracy is related to perceptions of procedural justice.

Dr. Shambhu Nath Chowdhury (2008)\textsuperscript{41} stated that banking services is one sector, where a great degree of attention is being paid to performance appraisal systems. Several public sector banks (PSBs) have changed their performance appraisal or are in the process of changing them.

Angelo S. Denisi and Robert D. Pritchard (2008)\textsuperscript{42} examined a motivational framework on “Performance Management and Improving Individual Performance”. This research has resulted in few specific recommendations about designing and implementing appraisal and
performance management system whose goal is performance improvement. We believe that a reason for this is that appraisal research become too interested in measurement issues and not interested enough in ways to improve performance, although some recent trends in the area have begun moving the field in the right direction.

**Arvind Sudarsan (2009)** evaluated the “Performance appraisal systems” of 33 diverse organization. Data was collected from a respondent from each organization by means of an open-ended questionnaire. Respondents view were sought on major concerns desired changes and number of forms used in evaluating performance in the organization. The study observed that subjectivity and appraiser bias were most common apprehensions in evaluating performance appraisal system in the organization strong needs were felt for identifying measurable parameters for performance evaluation and providing multiple feedbacks to trim down appraiser bias. Further, objectivity and measurable performance were found to be most desirable areas to help performance appraisal system.

**Kline and Sulsky (2009)** suggested that it has been known for some time that performance feedback from multiple sources has been shown to lead to more reliable ratings and better performance improvements.
Y.Zhang (2009)\textsuperscript{45} suggested that in the Chinese state owned banking industry employee’s perception of justice has a positive relationship to their overall satisfaction with both the performance appraisal process and its outcome. However, statistically significant differences were found in relation to whether employees had received training in performance appraisal or not.

Hafiz Ishaq, Muhammed Zahid and Arshad Zameer (2009)\textsuperscript{46} Aim of the was to study outcomes of performance appraisal and exploring factors that can make harm to the Performance appraisal effectiveness in the perspective of public and private sector organisations. Overall results reveal that in Pakistani public and private sector organisations awareness level about outcomes of effectiveness. Managers have different views from employees towards performance appraisal effectiveness, whereas, regarding outcomes of performance appraisal effectiveness male and female managers/ operatives have different views.

C.C Yee and Y.Y Chen (2009)\textsuperscript{47} Stated that with all the available techniques, it is essential to understand that different organisation might use different techniques in assessing staff performance among which fuzzy set theory would be a good concept to use in the development of the performance appraisal system.
Mostafa, Atieh and Roozben (2009)\textsuperscript{48} According to them there are varieties of methods for the appraisal of employee’s performance and human resource managers should select an appraisal method which is most efficient in their organisations. They proposed a framework for selection of appraisal methods and compare some performance appraisal methods in order to facilities the selection process. Organisation can evaluate their performance appraisal method with respect to the key features of it before implementing any method as well as expending extra costs. In order to select an appropriate appraisal method the simple Additive weighting were used. Along with selection framework, a comparison of methods is representing with attention to the key features of each performance appraisal method. The represented frameworks help human resource managers to select their suitable method with attention to methods features and apply it in organisation in doing appraisal successfully.

Brown (2010)\textsuperscript{49} Researcher surveyed 6,957 employees of a large Australian public sector organization regarding their opinions and perceptions of the appraisal quality. The findings of this study revealed that there is a direct relationship between performance appraisal satisfaction and employee outcomes, which is mostly job satisfaction among employees.

Migiro S.O and Taderava M.M.(2010)\textsuperscript{50} Article seeks to appraise the performance appraisal system in the bank of Botswana. A qualitative
research design was used. The sample for the investigation was drawn from a population of 417 employees. Empirical results indicate that the system is used to identify employees for promotion and to decide on salary awards. The article identifies issues that need to be addressed for the Bank’s performance appraisal system to be effective and meet its objectives, regular training for both the employees and evaluators, transparency in the implementation of the appraisal system and provision of continuous feedback to employees on their performance and reduction of inconsistency on the system across the Bank. The study highlights the unique challenges of the performance appraisal system in the bank and provides suggestion for its improvement.

Nidhi Arora and Poonam Arora (2010)\textsuperscript{51} In their paper they have highlighted purpose of performance appraisal, steps of conducting Employee Performance Appraisal, methods of performance appraisal and problems in performance appraisal. They have suggested that the standards should be clearly communicated and every employee should be made aware that what exactly is expected from him one of the important reasons for having a system of performance appraisal is to establish and uphold the principle of accountability.

Ekta Bhatia (2010)\textsuperscript{52} The performance appraisal or review is essentially an opportunity for the individual and those concerned with their
performance in the bank, most usually their line manager to get together to engage in a dialogue about the individual’s performance, development and the support required from the manager. It should not be a top down process or an opportunity for one person to ask questions and other to reply. It should be a free flowing conversation in which a range of views are exchanged.

**A. Shrivastava and P. Purang (2011)**\(^{53}\) studied the difference between public and private sector banks with respect to perception of fairness of the performance appraisal system and performance appraisal satisfaction. The study used independent samples t-test and qualitative analysis to study the mean differences between the two banks. Results indicated that private sector bank employees perceive greater fairness and satisfaction with their performance appraisal system as compared to public sector bank employees.

**Jack N. Kondrasuk (2011)**\(^{54}\) in his article he moves closer to an ideal performance appraisal system. He has assessed all problems occurring with present performance appraisal system produced 76 performance appraisal problems (reduced to 4 general categories). According to him performance appraisal systems are improved by rectifying common shortcoming (eg reduced biases, training those involved using formats with research substantiation). He recommended the most important changes
required. (1) Clarifying the goals of performance appraisal, (2) Focusing on both results and behaviour appraisals, (3) Adding on appraisal category, (4) Better timing, and (5) Better involving constituencies.

Maimona Jabeen (2011)\textsuperscript{55} Researcher studied the sound possessions of concert assessment consequences taking place in staff enthusiasm. The objective of the study was to examine the relationship between performance appraisal and employees motivation.

Anup Kumar Ghosh and Debmallya Chatterjee (2011)\textsuperscript{56} Authors have used fuzzy linguistic variable in assessing performance. They have also stated that crisp scores multiplied by fuzzy criteria weights can effectively generate performance score in faculty performance evaluation.

Malik Bahadar, Faaqir Tariq, Imran (2011)\textsuperscript{57} Researchers suggested that employees’ role and level in organisation influence reactions towards performance appraisal system. The study investigated fairness perception of performance appraisal system among supervisory (appraiser/appraisee). T-test of significance was performed to test the hypothesis of the study. The results revealed that there was significant difference of fairness perceptions among supervisory and non-supervisory employees working in the public sector departments.
George, Dr.Elijah, Dr. Stephen and Robert (2012) The study investigated the multifaceted factors influencing employee Performance Appraisal system. A target population of 76 employees was surveyed. Multiple regression analysis technique was used to explain the nature of the relationship between performance appraisals and the factors that influence it. Results of the study showed that all the five factors: (X1) Implementation process, (X2) rater accuracy, (X3) informational factors, (X4) employee attitudes and (X5) had a significant positive relationship with the performance appraisal system. (Y) Study reveals that if these factors are taken into consideration by the ratee, the rater and the government policy makers, the performance appraisal can be a good performance management tool.

Dr. Sanjeevni Gangwani (2012) The major objectives of the study is to study the existing performance appraisal system being undertaken in BHEL, Bhopal and also to know the perception of the employees for the effectiveness of existing system of performance appraisal in BHEL, Bhopal. The study reveals that the employees perform their duties well and performance appraisal continuously motivate the employees to achieve their goals indirectly helping the organisation to achieve its goals.

Dr.Varsha Dixit and Dr.B.B.Agarwal (2013) authors have worked on performance management with a variety of dimensions and
perspectives. Researchers have analysed the contribution made by earlier researchers in the last six decades to understand the concepts of performance management. In their opinion performance management is still in evolutionary stage. Academic and popular HR research papers were used for review of literature. The secondary data was used for identifying the studies in the area of performance management. Various aspects of performance appraisal were studied. It was concluded HR needs to start thinking in the same direction so that the company does not face consequence but remains competitive in the years to come. These outcomes in turn are associated with improved performance of the employees.

Louisa, Matthew and Gifty Amoah (2013)\(^6\) have evaluated the effectiveness of performance appraisal at the Kusami metro office of the Ghana Education service. The objectives of the study were to identify the methods of performance appraisal programme and the impact of performance appraisal on employee. The researchers identified that, performance appraisal helps management in making compensation decisions and also designing training and development programme to improve the skills of employees.

Soleyman.I and Hossein. P (2013)\(^6\) the aim of the research is to study the effectiveness of employees’ performance appraisal system in East Azerbaijan Saderat Bank. Data were collected by a questionnaire consisting
of 34 questions. T-test was used for studying the results and statistics. According to the result it was concluded that there was a strong positive correlation between employee’s performance appraisal system and improvement of performance level, determination of training, needs, increase of knowledge level, specification of payment system, establishing an effective communication system and identification of effective and non-effective employees in Saderat Bank.

Mahdieh Darehzereshki (2013) The main aim of the paper is to examine the role of the performance appraisal quality (independent variable) on the important human resource management outcome which is job satisfaction (dependent variable) using data from 133 employees of multinational companies in Malaysia, employees’ performance appraisal experience were identified. Regression analysis was employed to examine the relationship between performance appraisal quality of employees and job satisfaction. Author stressed that the challenge for human resource practitioners is to decide whether the allocation of additional resources to ensure that all employees have a uniformly high quality performance appraisal.
2.3 THESES AND DISSERTATIONS

Ramesh M. Sonkamble (1996)\textsuperscript{64} in his doctoral work on “Personnel Policies and Practices in Cement Industries” focuses on the four major personnel problems in cement industries namely recruitment, training promotion and retrenchment with a view to ascertain their nature, causes and conditions, and their consequences on the cement industries. It was found that, on the whole training facilities available in cement industries were poor and inadequate to meet the training requirement of the employees in the plants due to problems of the personnel and the lack of training infrastructure. Thus, the work suggests that the training programme has to be made a regular feature with a plan of action for formal training for each category of employees in the plant. In addition to on-the-job training and apprenticeship the research opined that the formal training on deputation has to be seriously thought for all the categories of employees.

Shipra Vaidya (1996)\textsuperscript{65} in the thesis “Towards Effective Management” tackles a limited problem which investigates managerial effectiveness in relation to style and personality variable among 70 managers working in automobile industry such as Escort, Hero Honda and Maruti udyog Ltd., of Haryana. The study aimed at achieving conceptual analysis of the term Managerial effectiveness by surveying the relevant literature, determine the characteristics difference between the top group and the bottom group of managers when classified on the basis of median
and also determine the relationships between the scores on managerial effectiveness and the personality factors.

Arvind.S. (2002) in his work on “HRD in commercial Banks of state Bank of Hyderabad” found during the survey that all employees have shown a market tendency to improve themselves in education because organisational growth depends upon, to a large extent, on the values, perceptions and ethics of the employees. It is opined that during the training programmes the reading materials should be handed over to employees well in advance the training programme starts and the calibre of faculty of staff training college (STC) is to be developed by sending employees frequently to external training programmes or any other refresher courses in the current trends. The study concluded that as banking is a group activity, there is a need to update training related information and attain better co-ordination between personnel and HRD departments.

Sujata.B (2004) in her study on “The Performance Evaluation of Employees at Vasavadatta Cements, Sedam” set the objectives to know the strengths, Weakness and training needs of the employees of Vasavadatta Cement. The samples of 50 respondents were chosen. The work found that the need based and scientific training methods would enhance the performance level and skills of the employees working in different departments of the organisation. During the analysis the researcher found
that there is more need of improvement in the Performance appraisal system and identification of training needs and concluded that performance appraisal and review system if used cautiously as a tool acts as a fill up for the all-round development of employees.

**Bains, D.R (2007)** in his thesis entitled, “A comparative study of Integrated Human Resource Development Systems of Public and Private Sector Organisations” is a study of selected organisation focused on the integrated Human Resource Development practices followed by selected public and private sector organisations, to analyse the hindrances to the application of training and development of HRD systems, and to compare performance appraisal and assignment mechanisms used by public and private sector organisation. The researcher suggested that employees must be helped to overcome their weaknesses and thus enable them to improve their performance and that of the department. Training system in these organisations has to increase its focus on improving the quality of service given to clientele and finally the whole study is conducted by giving some workable suggestions.

**Rajkumar Bhimsha (2007)** in his thesis “Job satisfaction and Morale – A case study of ACC Limited, Wadi” reveals that job satisfaction is the most important and frequently studied job attitude. The researcher studied the job attitude such as job satisfaction and morale in the ACC
Cements, at Wadi. The objectives of the study were to study the significance of job satisfaction and morale to productivity and organisational climate in the ACC Limited, Wadi, to measure the job Satisfaction level at different levels of management and other related aspects. The number of sample respondents taken for the study is 100 from the unit. The results found that majority of the managers are highly educated they are either graduates or graduate with additional training. The researcher suggested that there is also a need to reduce the social distance between the superiors and subordinates.

Renuka Rathod (2009) in her thesis entitled “Human Resource Development in Cement Industry: A study with reference to units working in North Karnataka” focused mainly on human development, as well as on trainer and trainee. Performance appraisal system has been covered in her work. The objectives of the study were to examine the importance of Human Resource Development in cement units, and also to study the tools, techniques and cost effectiveness of imparting training and development. Study has also determined the performance appraisal methods adopted in cement industries. The researcher has covered three units of North Karnataka namely the Rajashree Cements, Vasavadatta Cement and Associated Cement Companies (ACC). The study is based on both primary and secondary data. Questionnaire has been prepared at three levels. The study concluded that importance of human resource need to be overstressed
in case of cement industries there are only few institute which offer education in overall operational management for cement units. Training has acquired a significant position across the development countries. It is found that the expectation of supervisors, managers and evaluators from the performer will always be high.

2.4 REVIEW OF BOOKS:

**Dr. Udai Pareekh (1981)** a pioneer on the HRD philosophy in India, makes a reference only to the performance appraisal, potential appraisal, feedback and counselling career development, career planning and training under HRD. According to him, reward system and employee’s welfare scheme are the hygienic factors.

**Chandrasekharan V. (1982)** conducted a study on performance appraisal system in Agra Zone of Central Bank of India covering branches in western and northern Uttar Pradesh. The study reveals the performance appraisal methods followed in Central Bank of India and also evaluated the problems in appraising the employees of the bank.

**Seshan.R.M. (1983)** carried out an evaluation study of the past and existing manpower planning systems with special reference to Bank of India and suggested to adopt a comprehensive and integrated manpower planning system to improve the employee performance.
Pramila Seth (1985) conducted an exhaustive research on “Evaluation of Management of Training and Development in India”. The author designed tools for evaluation of training and development. Apart from that, they have focused attention on job improvement plan to elicit information from trainees on the effective transfer of training to their job situation.

Rao T.V (1991) points out that HRD as a function consists of various activities related to training and development and performance appraisal. He further feels that, appraisal helps in identifying employee potential through appraisal feedback and interviews, training helps in activating their potential. In addition, top management’s commitment to HRD system is crucial. The values of openness, trust, mutuality, collaboration and enthusiasm within the system should be recognised by every member of the organization.

A.M.Sarma (1996) he has defined performance appraisal as “it is a process of estimating or judging the value, excellent qualities or status of a person or thing”. It is a process of collecting, analysing and evaluating data relative to job behaviour and results of individuals. He has described two types of performance appraisal (1) close ended appraisal system and (2) open ended appraisal system. He has also highlighted major component of performance appraisal system. He has given brief description about various
performance appraisal methods. According to him performance review is necessary with a view to communicate effectively with each employee’s performance. The main thrust of the system is to effectively develop the communication process between the appraiser and appraisee. So that individual strength and weakness are identified to make corrective actions. He expressed his views as performance appraisal system has to be designed keeping in view the culture and requirement of an organization.

Gary Dessler (1999) author has stated purpose of appraising the performance, he has mention the role of supervisor in appraisal as well as the steps in appraising performance. He has described methods of performance appraisal. He has explained the five main appraisal problems. They are; (1) Unclear standards, (2) Halo effect, (3) Central tendency, (4) Leniency or strictness and, (5) Bias. He has also offered the situation for avoiding appraisal problems.

According to McShane and Glinow, (2000) perception is the process of receiving information and making sense of the world around us. It involves deciding which information to notice, how to categorize this information, and how to interpret within the framework of our existing knowledge perceptual process is the dynamics of selecting organizing, and interpreting external stimuli. The perceptual process begins when environmental stimuli are received through our senses. Most stimuli are
screened out, the rest are organized and interpreted based on various information processing activities. The resulting perceptions influence our emotions and behaviour towards those objects people and events.

According to **Gomez-Mejia (2001)**\(^79\) organizations usually conduct appraisal for administrative and for development purposes. Performance appraisal is used administratively whenever they are the basis for a decision about the employee’s work conditions including promotions, termination and rewards. Uses of appraisal which are geared towards improving employee’s performance strengthening their job skills including counselling employees on effective work behaviours and sending them for training.

**Subhash.C.Sethi (2003)**\(^80\) In the book on “25 minutes to enhance your tact”, provides valuable and practical tips to guide both trainers and trainees through the process of training and derive the most from the process. He said that training influences employees or new entrants to do things that are important and necessary. It sharpens their skills and makes them perfectly suited to the job. The author even gave importance to the manager because the best manager, today are also good coacher and should inspire and empower their people to create reality from dreams.

**V.S.P. Rao (2007)**\(^81\) according to him, performance appraisal systems are designed to improve performance, which broadly cover three areas define performance, facilitate performance and encourage
performance. He says that the appraisal systems are made for a variety of development and administrative purpose. Appraisals can be done by supervisors, peers, subordinates, team, outsider or a combination of raters. He has explained three types of appraisal method used; individual evaluation method multiple person, evaluation methods and other methods, including HRA, assessment centre and 360 degree feedback etc. He has also thrown light on the rating errors which are encountered while rating. He has suggested that to improve the reliability and validity of ratings, it is essential to train raters.

Dr. Madhurima Lall and Sakina Qasim Zaidi (2008)\(^82\) mentioned objectives of performance appraisal as compensation decision, promotion decision, training and development programme, feedback and personal development. They have classified the performance appraisal process into six step, they are categorised that the method of performance appraisal as past oriented and future oriented. Future oriented includes; 1) Management by Objectives, 2) 360 Degree appraisal, 3) Psychological appraisal and 4) Assessment Center. Performance interview and feedback also carry important role in performance appraisal system. It gives the opportunity to employee to explain his views about the rating standard, rating method, internal and external causes of low level of performance.
David A. Decenzo and Stephen P. Robbins (2010)\textsuperscript{83} according to them performance appraisal have many uses, such as allocating rewards, identifying where development efforts are needed and identifying criteria against which selection and development programmes are validated. They have defined performance in terms of effectiveness, efficiency and personal data, such as measures of accidents, turnover, absences and tardiness. They have described the appraisal process into six steps. (a) Establish performance standard, (b) Communicate performance expectations to employee, (c) Measure actual performance, (d) Compare actual performance with standards, (e) Discuss the appraisal with the employee and (f) If necessary, initiate corrective action. Authors said that employees can be appraised against (a) Absolute standard, (b) Relative standards and (c) Objectives. They have mentioned that appraisals can be distorted by; (a) Leniency error, (b) Halo error, (c) Similarity error, (d) Central tendency, (e) Forcing information to match performance criteria and (f) Low appraiser motivation.
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