Significance of Human Resources (HR):

"An organisation is nothing without human resources. The organisations have recognised the important role that employees play in making organisations work. Management is the process of efficiently getting activities completed with and through other people. Managers are concerned with the attainment of goals, which makes them effective, and with the best allocation of scarce resources, which makes them efficient. The need for people is a pre-requisite for management. Thus, Human Resource Management (HRM) is concerned with the 'people' dimension in management. This is true regardless of the type of organisation, government, business, education, health, recreation or social action. Getting and keeping good people is critical to the success of every organisation, whether profit or non-profit, public or private. Survival of an organisation requires competent managers and workers co-ordinating their efforts toward an ultimate goal" (Decenzo & Robbins, 1993, pp.2-3).
"Management of HR is one of the most complex and challenging fields of endeavour. The firm has not only to meet its requirements for an effective work force but also greatly concerned with the expectations of both employees and society in general. Society at large has proclaimed its human resources to have vital needs that move beyond a "work force" status. The employee is simultaneously an instrument of the firm, a human being and a citizen". (Flippo, 1980, p.3).

It is observed that (Dale Yoder & Staudohar, 1984, p.5) "People perform the work and provide the creativity that sustains operations, and they have a significant impact on organisational effectiveness. People are the most important resource in all business and government endeavours. We have become more concerned with efficient utilisation of human resources, and with the health, safety and job satisfaction of workers. All managers must develop and maintain their competence in managing people".

"Human resources exceed in value and importance all the land, buildings, equipment, vehicles and other physical assets. Yet, whereas material assets appear in the traditional balancesheet, the human assets, the people, do not. Organisations are realising that human assets are the
most important assets they can have. This emphasis can partly be attributed also to the new values of humanism and humanisation emerging in the world. The expectations of the people are fast changing and they cannot be taken for granted any more. They have their own needs, motivation, expectations and their contribution to the organisation is much more than that of any other resource being used. The more an organisation invests on its human resources, greater the return from the investment is likely to be". (Rao and Udai Pareek, 1981, p.1).

It is clear from the above that of all the factors of production, man is by far the most important. Materials and machines are inert factors, but man with his ability to feel, to think, to conceive and to plan is the most valuable, most difficult to inspire, control and motivate. Thus, an organisation's identity and performance are mainly dependent on the human resources. Human beings can either make or mar an organisation.

When so much significance is attached to human resources in an organisation, it is pertinent to ask what human resources are. From the national standpoint, the human resources can be defined as "The total knowledge, skills,
creative abilities, talents and aptitudes obtained in the population whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. They are also designated as human factors". (Megginson, 1982, p.2).

**Human factor** (Michael Jucius, 1975, p.1) stands for "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components". The term 'human resource' may be interpreted as a resource to be recognised, appreciated and to be treated differently as a human one unlike other material resources.

One author opines thus: (Rajamani, 1975, p.782) "One of the off-shoots of Industrial Revolution is the pooling of the human resources at the particular work situation in order to manipulate the other factors of production to turn out the final output".

Examining the significance of human factor at macro level, it is stated that (Schultz, 1990, p.1) "Economic development depends on engaging the energies, the talents and the personal commitments of millions of human beings". "Development is not governed in any country by economic forces
alone and the more backward the country more this is true. The key to development lies in man's mind". (Cairn Cross, 1990, p.1) Thus, economic development of a country depends mainly on the industrial development which warrants stable and disciplined labour force.

Need for Human Resource Development (HRD):

Every business is profit-oriented and profit can be maximised by maximising production and sales. The maximisation of production is subject to the availability of inputs which is generally a limiting factor. The next alternative left to the business is to improve labour productivity, which results in control of labour costs and increase in profits. It is here the development of human resources made through performance appraisal (PA).

It is mentioned (Singh, 1970, p.150) that individuals differ in a number of traits-physical, intellectual, emotional and things concerning their interests. Studies of individual differences have shown that in the case of production there can be difference of output by as much as 2.5 times between two individuals. There are men with outstanding performance and men with low work output. The question of performance appraisal probably would have been superfluous and futile if
men had equal degree of ability and similar performance. Supporting this, (Singh et al., 1990, p.182) it can be stated that "it is necessary for management to know these differences so that the employees having better abilities may be rewarded, and wrong placement of employees may be rectified".

Linking productivity to human resources, (Pradeep Chandra, 1994, p.31) it is said that the organisations aim at maximising output using the three input variables, viz., technology, capital and human resources. While most organisations have developed methods to optimise technological and capital inputs, many lag behind in taking full advantage of the abilities of their people.

"The personnel function is slowly shifting its focus from 'control' to 'management' and 'development' orientation. Chief executives of several organisations are realising the need for investment in developing and multiplying the human resources in Indian industry". (Rao, 1982, p.5).

The urgent need of developing the human resources which are dynamic and capable of expanding to unlimited extent is increasingly felt in every industry. This leads to the growth of the organisation in general and that of the employees in
particular. Realising this, the government and the leading private and public enterprises have added to the "Personnel Department" a Human Resource Development" (HRD) section. HRD is felt as the need of the hour.

Mentioning the role of HRD (Chaudhuri 1992, p.45) it can be called an 'integrated strategy' and planned developmental process for effective utilisation of human resources at work for the achievement of organisational objectives. This is desirable when the organisation plans for modernisation, diversifications, growth and in times of crises. But opines that "HRD is perhaps the most neglected aspect of managerial strategies in many organisations. The concept of HRD and the various processes form an integral part of the HRD system. It is the effort and competency of human resources that make the organisation dynamic and grow. Management of organisations today is management of human resources" (Prabhakar Rao, 1989, p.14).

HRM has had a chequered career. It is now at the cross roads with a number of roads branching off. The statistics show that of Harvard Business School's 39,000 graduates, fewer than 150 are in Human Resource or Industrial Relations. Many of them seem to think that the Human Resource field is of 'low
status'. Today, however the situation has changed and the problems and challenges faced in the effective utilisation of human resources has greatly raised the status of the field (Rajasekhar, 1994, pp.2-3).

The above views amply demonstrate that HRD, which stands for the effective utilisation of human resources, is the nucleus of HRM. HRM is an extremely sensitive, comparatively new, rapidly growing profession in India and abroad. It is the development of people and not the direction of things. Performance Appraisal (PA) is used as an effective tool to carry out HRD functions in the corporate world. But in practice, this human resource is least utilised and only a small portion of potential is tapped and put to work. Hence, the present study on Performance Appraisal System (PAS).

Performance Appraisal in an Industry:

"PA within management (Douglas McGregor, 1957, pp.89-90) ranks has become a standard practice in many companies during the past twenty years and is currently being adopted by many others, often as an important feature of management development programmes. Managers are uncomfortable when they are put in the position of 'playing God'". McGregor attempted to link PA with the total HRD by introducing the concept of
Management By Objectives (MBO) and suggested a shift in the appraiser's role from that of a 'judge' to a 'helper'/counsellor.

It is remarked by the same author (Douglas McGregor, 1979, pp.77-79) that "PA is often perceived simply as a technique of personnel administration, but where it is used for administration purposes it becomes a part of managerial strategy. Managers must tell their people what to do, and judge how well they have done, reward or punish them accordingly. Appraisal programmes are designed not only to provide a more systematic control of the behaviour of subordinates, but also to control the behaviour of superiors".

Evaluation of employees is one of the most universal practices of management. It is applied formally or informally to all employees; operative, technical, professional and executive. Many companies use formal plans primarily in connection with operative employees (Michael Jucius, 1975, p.198). Thus plans used for evaluating performance go by such names as merit rating, service appraisal, progress rating, performance evaluation, merit evaluation, employee assessment, performance rating, annual confidential reports (ACRs), confidential character rolls (CCR)s etc. And at present, it
is designated as 'Performance Appraisal System' (PAS) in most of the organisations in the world. "In a sense, every individual is being appraised of his performance from the time a person enters kindergarten, throughout his school and University life, through his employee status till he or she retires and passes into oblivion. He is being constantly appraised by his peers, superiors, subordinates and associates" (Das, 1979, p17).

It is observed that (Dale Yoder, 1984, p.202) nearly all organisations seek to monitor the job performance of their members through an evaluation system. Employees who perform well in their jobs are usually rewarded, those who do not may be penalized. There is perhaps no single issue in Personnel Administration that is more important to an employee than an impartial and accurate appraisal of his contribution to the organisation. "Most development occurs on the job and such development is slowed and less effective if the employee is not systematically appraised and fed back information concerning his or her quality of performance" (Flippo, 1980, p.203). "PA is an essential day-to-day management activity. Without appraising one can not promote or fire counsel or criticize, coach or transfer and cannot truly manage". (Marian Kellogg, 1977, p.1).
"PA concerns all managers today. As the term itself suggests, it is a tool for the qualitative and quantitative assessment of performance. Research findings indicate that PA has a bearing on employee growth and productivity (Latham et al., 1981). During the past three decades, considerable attention has been paid to developing the PA techniques". This has been pointed out in an empirical study conducted (Usha Krishna, 1989, p.1) in the recent past. Fortunately or unfortunately, appraisal is there to stay as an essential part of managerial work. Since this is so, managers should have a good understanding of what appraisal is, how accurate it can be, and what they can realistically expect from the appraisals they make. PA serves primarily as a guide for the manager's own actions with respect to the individual he appraises.

"The appraisal process is viewed as an integral part of the development process in the organisation and the appraisal results lead to improved job performance and the acquiring of new skills and knowledge among the subordinates. Therefore, appraisal and human growth and development, according to him, are inseparable" (Monga, 1983, p.55).

It is viewed by researchers (Rao & Udai Pareek, 1981, p.109) that PA has traditionally been used as a mechanism of
controlling employees through salary administration, rewards, promotions and disciplinary action. In most cases the employee does not know how his performance has been rated by his superiors. It is stated that (Chatterjee, 1984, p.191) "the assessment of the employee, described as the maintenance of the confidential character roll (in Government organisations in India) or performance appraisal (in industrial organisations), is an inevitable process wherever men are employed on any kind of productive work in any organisation. An internal assessment system where the supervisory and managerial personnel evaluate work and conduct of those who work with them is a must".

Emphasising the need for appraisal (Robert Lefton et al., 1977, p.2) it is felt that "the people in an organisation, after all, cost money, salaries, benefits, recruiting, training and so on take a very big out of an organisation's budget. As a result, management has a right, in fact, an obligation to ask: what can we do it to ensure that we get our money's worth? The answer is: we can, among other things, have an effective PAS". Thus, PA constitutes an important tool of HRM. Employees at all levels have to be appraised or evaluated in their work-life on a continuing
basis. Such appraisal is vital both for the growth of the organisation and the employee development.

In a case study carried out on appraisal (Lakshmipathy, 1985, p. 96) it is expressed that personnel evaluation plans are meant primarily to measure latent and manifested abilities of employees in order to help the management to understand the employee's compatibility vis-a-vis the organisation. It is revealed in a report (Administrative Reforms Commission, 1967, p. 52) that "the basis adopted for promotion of higher and middle level posts in the government should be merit or seniority-cum-merit".

It is interesting to note that the pay of civil servants in the U.K. has been linked to performance (staff reporter, 1991, pp. 6-8). British civil servants are likely to lose their traditional right to automatic annual earnings, increments under performance related pay plans. It is opined that "a potent motivational tool for bank employees is a scientific and objective staff appraisal system. Perhaps, the existing system of appraisal in banks need appropriate revamping" (Rajagopalan, 1990, pp. 6-8).

It can be concluded at this stage that PA is adopted as a mechanism of continuing education and learning from one
another. PA in a modern organisation may be used for several purposes such as promotions, transfers, training and developments, severe penalties like dismissals or non-confirmations, and also for upgrading or increments in salary or wages. Executive appraisal refers to all formal procedures used in working organisations to evaluate the personalities and contributions and potential of group members. In other words, the trend nowadays is to measure what the man does rather than what he is. PA can motivate or demotivate employees since it is a key input into management's reward and punishment decisions. It can also have a major bearing on organisational culture.

Public Enterprises and Performance Appraisal:

The emergence of the public sector either through a process of nationalisation and takeover of private enterprises, foreign or national or alternatively by the direct entrepreneurship of the state making its own investments is a notable worldwide trend. "Nations all over the world, regardless of size or ideology have increasingly availed of the public enterprise as an instrument for social and economic development. This is specially true of the developing countries where there is chronic lack of private
capital, technical know-how and managerial capability". (Roy, 1977, p.24). In an article (Tripathi, 1982, p.33), it is brought out that "economic growth of a nation brings along with it economic pressures as well. These economic pressures may be man-made or through natural calamities. In the course of time, these pressures had killed the principles of LAISSEZ FAIRE and the state had to intervene to regulate these pressures in the common interest of all sections of its members". Therefore, state intervention in economic matters became a necessity. Adam Smith, the architect of the classical theory of LAISSEZ FAIRE had reconciled to the view that it was the duty of the state to erect and maintain certain public works (Kolekar, 1987, p.1). Accordingly, the public enterprises have become a world wide phenomenon in the twentieth century. Even a capitalistic country like America has accepted this new form.

In India, the idea of establishing public enterprises is a legacy offered by the late former Prime Minister Pandit Jawaharlal Nehru, (Singh, 1982, pp.4-5) to the people of India. He stated in Parliament, "It is obvious in a country as underdeveloped as ours, that we cannot progress except by state initiative, except by enlarging the state sector and except by controlling the private sector at important points".
Influenced by such ideologies, manufacturing and commercial units have been set up by the government to speed up economic progress. The Parliament in 1954 had accepted the socialistic pattern of society as the objective of social and economic policies. Further, the second five-year plan launched in 1956 laid down that the public sector had to expand rapidly. It should not only initiate development but also play a dominant role in shaping the entire pattern of investments in the economy.

The public sector played a key role under the dynamic leadership of the late Smt. Indira Gandhi, (Nigam, 1976, p.6) the then Prime Minister of India, and she said: "We advocate a public sector for three reasons; to gain control of the commanding heights of the economy, to promote critical development in terms of social gains or strategic values rather than primarily on consideration of profit and to provide commercial surpluses with which to finance further economic development. The final test lies in profitability, service and growth". Thus, public enterprises occupied a pivotal role in India’s strategy for planned economic growth (Pranjal Bezborah, 1992, p.52).
The Industrial Policy Resolution of 1956 says Prangal Bezborah, has observed that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. This was felt necessary in a planned economy aiming at establishing a socialistic pattern of society. Due to its commanding place in the Indian economy, it has attracted a considerable amount of attention at academic, administrative and political levels.

"The term public enterprises, which are also called as public sector undertakings, is used to cover the institutions under public ownership and operation of public purposes. They include those undertakings which are wholly owned and managed by government, wholly owned by government but managed by private persons, under overall supervision of the government and where majority of the ownership and controlling interest is in the hands of the government" (Shantaram Bhogle, 1978, p.1). In other words, they are autonomous or semi-autonomous corporations and companies established, owned and controlled by the state and cover a wide range of industrial and commercial activities. Public sector undertakings/public enterprises are established in the form of departmental organisations, public trust, public corporation, joint stock company, control board and operating contracts.
Rapid industrialisation of a developing country like India depends upon the creation of infrastructure or economic overheads such as transportation, communication, power development, basic and key industries etc. The development of basic industries and infrastructure which involves heavy investment, followed by low yield is not attractive to the private sector and hence they do not venture into such commissions. It is but natural that the government has to accept such industries by state participation and initiation.

Public enterprises have been set up by the government with specific objectives such as: promote rapid economic growth and industrialisation, create employment opportunities, earn return on investment, promote balanced regional development and re-distribution of income and wealth etc. The growth of public enterprises in terms of number and investment is depicted in the following table.
Table 1.1 : Growth of Investment in Public Enterprises.

<table>
<thead>
<tr>
<th>Year (As on 1st April)</th>
<th>No. of Enterprises</th>
<th>Investment (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>1956</td>
<td>21</td>
<td>81</td>
</tr>
<tr>
<td>1961</td>
<td>47</td>
<td>948</td>
</tr>
<tr>
<td>1966</td>
<td>73</td>
<td>2410</td>
</tr>
<tr>
<td>1969</td>
<td>84</td>
<td>3897</td>
</tr>
<tr>
<td>1974</td>
<td>122</td>
<td>6237</td>
</tr>
<tr>
<td>1979</td>
<td>169</td>
<td>15534</td>
</tr>
<tr>
<td>1980</td>
<td>179</td>
<td>18150</td>
</tr>
<tr>
<td>1985</td>
<td>215</td>
<td>42673</td>
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<td>1990</td>
<td>244</td>
<td>99329</td>
</tr>
<tr>
<td>1991</td>
<td>246</td>
<td>113234</td>
</tr>
<tr>
<td>1993</td>
<td>237</td>
<td>139933</td>
</tr>
<tr>
<td>1995</td>
<td>246</td>
<td>164332</td>
</tr>
</tbody>
</table>


(ii) Government of India Public Enterprise, survey Dept. of Public Enterprise - New Delhi,

(iii) Staff Reporter, Indian Express, May 10 1995, p.5,(6-8)
A cursory glance at the table reveals that public sector or enterprise is growing at an alarming rate except in 1993. They have contributed Rs. 18264 Crores in 1989-90 and Rs. 19466 crores in 1990-91 to the National Exchequer. The public sector enterprises in India is a major employer comprising 71% of the workers employed in the organised sector of the economy. The public enterprises had employed 22.36 lakh people by March 1990. But, of late, the public sector has became a drag on development which was once considered as an engine of growth. Revising its thinking, the government has favoured privatisation in many fields or denationalisation in order to avoid the recurring losses incurred by the public enterprises. By and large, despite this move by the government, the public sector has still scope for development where there is no private participation. Owing to this significance, the public enterprises which employ a large workforce should take managerial appraisal seriously.

It is quite evident on the basis of the findings (Bharadwaj, 1971, p.1) that there exist major short comings in the conceptualisation, design, implementation and follow up of the appraisal system in the public sector in India. Another report, submitted by the same author, (Bharadwaj, 1971, p.117) reveals that "Managerial appraisal currently employed in the
public sector enterprises are traditional and unsophisticated. Heavy reliance is generally placed on traits of personality and character and relatively less emphasis seems to be given to actual performance. By and large, with a few exceptions, the appraisal systems in the public sector enterprises seem to be more control-oriented than employee development-oriented. It is expressed (Chander Bal, 1993, p.7) that "our public enterprises have enormous financial stakes, but do little in trying to measure performance of their managers". In a comment on the appraisals, (Mihir Basu, 1988, p.3) it is observed that confidential reporting system in Public Enterprises was an extension of the government practice in respect of civil servants, which was based on 'personality traits'". The appraisals in the private sector are development-oriented, whereas in the public sector they are meant only for administrative decisions" (Niazi, 1982, p.4).

An emphasis on performance appraisal in public enterprises is given and (Pradeep Chandra, 1994, p.31) it is said that all organisations, whether commercial or governmental, should have a human resource system encompassing selection, training, motivation and performance appraisal, of which appraisal is the most critical. The Government of India
and the various state governments have emerged as the largest employers in the country and more than 25 percent of the nation's budget is spent on the pay rolls of government employees. It is essential that only the best of its citizens are chosen for public service. Good performance appraisals are, therefore, required to weed out the undesirable, to train the satisfactory, and to reward the best.

It has also been recommended by the Administrative Reforms Commission (ARC, 1969, pp.80-82) to set up Departmental Promotion Committees (DPC) for appraising merit for the purpose of promotion. Therefore, it is concluded that PA for managerial staff has great significance in Public Enterprises.

Some concepts used in Performance Appraisal:


2. Perception: It means a person's sensibility to feelings of the other person and the situation in which both interact.

3. Rating: It refers to various formal systems in which the individual is compared with others and ranked or rated in the sense of being measured and classified.
4. **Key-Performance-Area**: It stands for the main critical function of a job or role.

5. **Weightage**: It means the priority or importance given to a key performance area or an objective.

6. **Effectiveness**: It is concerned with the appropriateness and accomplishment of the goal.

**Statement of the Problem**:

Performance appraisal is the key to all personnel management actions and policies. Without a sound system of performance appraisal, the management cannot make the best use of its people. It is a fact that the control devices in the form of performance appraisals were invented by the corporate world to accomplish their professed objectives. Personnel decisions relating to promotion, demotion, transfer, discharge, pay rise, special assignments, training and development are largely guided by the technique of performance appraisal in every organisation. Moreover, performance appraisal of executives in turn reflects a rise in the labour productivity, reduce grievances and thus serves as a foundation for coaching and counselling of the employees. This is one side of performance appraisal. The other side is the plight of appraisals in practice in industrial
organisations, particularly the public enterprises chosen for the study.

A good performance appraisal system is often viewed as one in which managers simply complete the forms after considerable prodding and forward them to the personnel department to be filed. In a poor performance appraisal system, the forms are seldom even completed. Although the performance appraisal helps the development of human resources, the managers have paid either little or no attention and appraisal have been neglected in public enterprises.

It is commented that (Patricia King, 1989, p6) "Performance appraisal is unpopular, but it is not going to go away. Despite its prevailing treatment in most organisations, PA is not about forms. Managers hate and object to PA since it takes a lot of time and embarrasses them to sit in judgement of others. For many middle managers, the most popular decision their top management could make about PA would be to abolish it". Indeed, it is observed that PA makes a lot of sense in theory but does not work in practice. Some managers have not really put much effort into doing performance appraisal well.
"Managers are uncomfortable when they are put in the position of playing god". The conventional approach forces them to make such judgements''. He suggested to combat this problem, a shift from 'appraisal' to 'analysis', which in a positive approach. Thus, there has been an element of fear both in the appraiser and the appraisee. The appraiser fears 'playing god' and sitting in judgement on the worth of his subordinates and the appraisee fears the bias, the arrogance and arbitrary behaviour of the superior (Douglas McGregor, 1957, p.90). It is remarked in an empirical study (Monga, 1983, p.1) that "the history of appraisals is one of confrontation and conflict, of frayed relationships and frustrated hopes. In many organisations, they have become an eye-sore both for the managements as well as employees and have impeded the accomplishment of the organisation goals".

Of late, the PAs are under attack from every corner and public enterprises are no exception to it. "There is a great degree of unhappiness all round with performance appraisals. Rarely does one come across managers who are happy with the appraisal systems in their organisations. In the absence of an appraisal mechanism, it is difficult to get work out of people. If the people get what they want, they should give what their bosses want" (Rao, 1986, p.1). Examining the
issue of appraisals from the legal point of view, (Alan Mohraman et al., 1990, p.1) it is stated that "Performance appraisals are no longer a management prerogative, they are a part of the legal system. Therefore, the PAS needs to meet legal requirements. Designing PAS is no longer left to experts in the back room as it used to be. Such an approach means involvement of all management levels of the organisation, from top to bottom". On the occasion of the decision of the Central Administrative Tribunal of Jaipur Bench in the case of Darbari Vs. Union of India states that "Annual Confidential Reports (ACRs) are not confidential" (Krishna Mahajan, 1995, p.7). By and large, with a few exceptions the appraisal system in the public sector enterprises has been continuously beset with several problems. Despite the above position, PA has become an essential instrument in the hands of the management. They are the means of telling a subordinate how he is doing and where he stands in relation to his boss and others.

The present study is undertaken by the researcher to examine the issue of PA procedures, policies and practices followed by four public enterprises on various parameters, viz., objectives, criteria, rating, communication, errors,
goal-setting, sub-ordinate development etc. It is an in-depth study of what, why, who and how aspects of PA in practice. The research is intended to bring out the extent to which the organisations have given significance to PAS. It is evident from the pilot study made by the researcher in case of public enterprises that they are not very serious about appraisals. Moreover, the problem selected for this empirical study represents a virgin area. Hence this pioneer attempt.

The researcher justifiably opines that the study of this problem would be more meaningful, relevant and appropriate if it is confined to some selected public enterprises (Central) located in Karnataka State. This is based on the fact that the public enterprises are playing a key role in the industrial development of the country as they are expected to be model employers. Central public enterprises have a crucial role to play in the process of socio-economic development and socio-industrialisation in this state. The establishment of these enterprises in Karnataka enabled reduction in economic disparity and inequalities of income, prevention of concentration of economic power, increase in employment opportunities, reduction in regional imbalances etc. These have prompted the researcher to choose for his study public enterprises working in Karnataka but set up by the Centre and
the State. Generally, the private sector operates under a cloak of secrecy and does not divulge information and allow the researcher to have an access to the official records. Further, most of the private enterprises do not practise PA except a few multinational and leading Indian enterprises, such as Larsen & Toubro, Hindustan Levers, Tatas etc. Hence, this study centres round the public sector units which encourage research.

Review of Literature:

There have been a sizeable number of studies in the West and a few studies in India on PA and its different aspects. It is practically impossible here to review all the available studies and hence the review is confined to the major works in the area that have a bearing on the present study.

Part - I:

One of the major and more comprehensive studies on the subject is the one conducted by Douglas McGregor (1957), of the Harvard Business School. The purposes of his classic article were to examine conventional performance appraisal plan (requiring manager to pass judgement on the personal worth of subordinates) and describe an alternative which places on the sub-ordinate, the primary responsibility for
establishing performance goals. He condemned the conventional appraisal, which placed the manager in the untenable position of a 'Judge' and advocated that the role of the manager should be that of counsellor, helper or leader. McGregor suggested a shift from 'performance appraisal' to 'performance analysis' and introduced 'self appraisal' and MBO for appraising the sub-ordinates. A study conducted by Whisler and Harper (1958) made thoughtful analyses and criticisms of formal appraisal systems and argued for a change in structure so that ethics and efficiency reinforced each other.

Alvin Zander and John Gyr (1955) suggested in their empirical study to change the attitudes of 400 men in a favourable direction concerning a merit appraisal procedure in a large company. In another study conducted by Bayroff et al., (1954) it is revealed that one of the most effective means of increasing the validity of the ratings was by increasing the number of raters of comparable competence for each ratee. Yet another study made by Arch Patton (1960) based on a survey of USA's largest corporation covering the educational, economic and social backgrounds of more than 100 top executives, contributed to the executive development process through subjective and mathematical approaches.
Paul Thompson and Gene Dalton (1976) in their study discovered that each company had its own unique circumstances, its own objectives and own history and favoured an open system of appraisal by a cross section of executives. Alan Patz (1975) presented, through a study of 19 companies, his observations. He examined the barriers to existing PAS and offered a few suggestions to make appraisals work. Winston Oberg (1972) in his thought-provoking article outlined the goals of a good PAS and found that the companies selected appraisal techniques without thinking of their suitability to the organisation and subsequently witnessed the failure of the system. He also identified the pitfalls.

In an investigation of the General Electric Company, USA, Herbert et al., (1965) discussed at length the purpose, effect, conflict of appraisal interview and concluded that appraisal interview motivates the employees to improve performance. George Rieder (1973) explored in his study the apparent deficiencies of current performance reviews both in programme design and in practice. He expressed the feeling that the appraisals resulted in disappointment, disillusionment, confusion etc. and prescribed MBO for such cases. A recent survey in UK by Gill (1973) found the result-oriented approach to be the most widely used and concluded
that about 42 per cent of the units surveyed used primarily the result oriented-approach.

A seminar conducted on "Assessing Managerial Potential" by Foundation for Research on Human Behaviour (1957) emphasised the key result areas (KRAs) that an organisation has to consider in setting goals for the employees. Richard Brown of USA (1963) classified the appraisal systems into conventional approaches and current trends and new directions. He opted self-appraisal as a solution for the problems present in appraisal and gave guidelines to develop evaluation programmes.

Coleman (1965) observes that result-oriented appraisals practiced in many countries today fall short of their dual purpose of improving present performance and stimulating self-development. He suggests that appraisal be made part and parcel of management process and further improve goal setting process to overcome the defects in the appraisal system. A study carried on by Locher and Kenneth (1977) for 216 organisations revealed that appraisals in 99% of the cases were made by the immediate supervisor and that in 78% of the cases the supervisor had sole responsibility.
Behavioural scientists advocate the introduction of Behaviourally Anchored Rating Scales (BARS), a quantitative technique of measuring performance. The most prominent study that attract our attention is the one by Schneier and Beatty (1979). They illustrated through their case study how BARS and MBO can be integrated together in a large organisation. The study demonstrated how BARS focus on the desired behaviours when applied to MBO.

Valentine Raymond's (1966) study explored the need for setting up of performance goals by executives and managers. The process includes among others an agreement on hierarchy of objectives and criteria for evaluating the performance between the manager and supervisor. An article contributed by Robert Pager (1972) examined the importance given to the issue of PA and blamed the supervisor and subordinate for the failure of the system. He designed a performance evaluation system for the New Jersey Department of Labour and Industry which involves the major tasks, performance standards, evaluation interview, training programme and review as essential ingredients.

James Quinn (1969) initiated a research study on the bias in PA using the data from the "Officer Performance Rating" and
personnel files maintained by the Air Force Personnel Research Laboratory. He studied the impact of friendship between the rater and ratee on ratings. It was concluded that ratings were influenced by the ratees themselves than by the similarities between the raters and ratees in those characteristics. A conceptual framework has been contributed by Valarie and Andrew Stewart (1980) to the existing literature on PA. They have discussed at length the various issues relating to the designing, installing and maintaining the PAS in an organisation and provided the guidelines for practice. The authors have dealt with some of the more common interfaces between appraisal systems and selection, training, planning etc.

A medical research study conducted for 5000 officers by Gary Brumback and John Vincent (1970) on jobs and appraisal of performance identified fourteen basic areas of work to be rated in an appraisal form. The purpose of the study was to build a new PAS for commissioned officers in the United States Public Health Service. The investigators suggested that the organisation should integrate the structured PA with the unstructured ones in order to have effective management. Williams (1972) made an attempt to establish the extent to which managers found appraisal and counselling helpful in
improving performance in an organisation by getting perceptions of 182 respondents. He also analysed 236 appraisal forms to determine the method of completing the forms and their uses. It has been found in this study that managers find appraisal and counselling a much more satisfactory experience as appraisers than they do as appraisees.

A theoretical contribution made by Harold Koontz (1971) presented a clear picture on the problem of managerial appraisal and studied the nature and deficiencies of traditional appraisal systems practised in US companies. He concluded in his work that appraisals suffer from great deficiencies and managers resist doing them or tend to go through the paperwork without knowing exactly how to rate. At the end he suggested the MBO approach the concerns which had problems with conventional approach.

Bass (1956) analysed in his study the ways to reduce the leniency in merit rating. The author felt that the bias of leniency is an error commonly found in merit ratings. Most ratees are assigned very complementary evaluations; few or more are assigned unfavourable scores. Bass illustrated the factors motivating the lenient rater and explained the consequences and lastly advocated the removal of such error.
A project report prepared by Jill Yeates (1990) and (sponsored by the Institute of Manpower Studies Research Programme) explored the various issues relating to PA viz., objectives, system design, process, starting and follow-up steps to be taken. He distinguished PA with that of potential appraisal. Christopher Orpen (1993) in his contingency approach to PA, made it clear that unfortunately it is typically difficult to obtain appraisals that are really accurate. He classified the appraisal techniques into two: behaviour-based and objective-based procedures. The author concluded that different appraisal techniques were appropriate for different tasks, types or jobs.

Part - II:

This part has been devoted to present a picture of Indian research studies on PA. In India, there are only a few studies carried out on various aspects of PA by individual scholars at the micro level.

In India a significant institutional study managerial appraisal was undertaken under the auspices of the Bureau of Public Enterprises, by the Administrative Staff College of India (1971) with Bharadwaj as the Project Director. This research study was conducted in 1970 on "Managerial Appraisal" to examine the policies, practices, procedures and problems
and covered 29 Indian public sector enterprises, 5 Indian private sector enterprises and six organisations in France, England and USA. The report (1971) was prepared in two parts, viz., Report I & II.

The basic purpose of this research project was to examine the present status of the managerial appraisal systems in India and abroad. It was revealed by the study that there exist major shortcomings in the conceptualisation, design, implementation and follow-up of the appraisal system in the public sector in India. The report said that there can be no such thing as a "Model Appraisal System" that would be equally applicable to all organisations. It has to arise from the unique needs and priorities of an organisation and such a system designed should be periodically reviewed. However, Report-II provided some guidelines for a review of the existing managerial appraisal system in various public enterprises. Prior to this, there was a survey conducted by Administrative Staff College, Hyderabad, in 1966, on "Merit Rating Procedures and Promotion Policies", the details of which are not available.

Chatterjee, (1978) in his monograph prepared under the auspices of the Standing Conference of Public Enterprises
SCOPE examined the mass data available in case of 24 public enterprises on performance appraisal systems. The appraisal forms of the different types of public enterprises were obtained along with instructions for their use and a comparison of them was also made with those of the private sector. The objective of this study was to evaluate the existing PAS in public enterprises. It was an in-depth examination of confidentiality, forms, appeals, objectivity, training, integrity, potential, styles, self-appraisal which are most significant in an appraisal system. He suggested a modification of the existing appraisal system and the same be used for the developmental purposes of the subordinates. The study emphasised on counselling and in-depth interviews by a committee of experts for performance analysis and review. Chatterjee strongly felt that the existing procedures and formats should be replaced by the open system of appraisal.

Yet another institutional study was taken up in 1966 by the Ministry of Home Affairs, New Delhi, on "Performance Appraisal Systems and Techniques". The significance of this study was given to "coaching interview" (Appraisal interview). It contained a detailed plan for performance programming or target setting in consultation with the subordinates (MBO).
Bureau of Public Enterprises (1985) organised a seminar on "Performance appraisal and management development" in which it was concluded that PA should be result-oriented. It further recommended for preparing job descriptions for all jobs, fixing key performance areas (KPA's) and objectives and eliminate subjectivity in appraisals which is a big barrier to PAS. The seminar also concluded with a suggestion that PAS should be so designed to serve as a basis for employee career planning and training and development needs.

In another seminar brought by Indian Institute of Public Administration, Madras Branch on "Perspectives of Employee Assessment" in 1968, it was reported that many private sector companies do not have any formal reporting procedure on employee's performance. The position seemed to be different in government companies. It was concluded that government companies adopt formal reporting procedures and use mostly for promotion purpose whereas the private sector managements try to avoid such formal systems as far as possible except a few large private companies.

The Department of Personnel & Administrative Reforms (DPAR), Ministry of Home Affairs, New Delhi, (1983) conducted a 'workshop' on 'Performance Appraisal System in which it was
deliberated that open system of appraisal cannot be practised without considering the ground realities present in our country. The complaint of the government employees that confidential reports (CRs) are not written with a fair mind also figured in the discussion and, therefore, it was concluded that they should be fair and objective.

An empirical study was carried out by Usha Krishna (1988) on "Performance Appraisal practices in six Indian public and private enterprises". The main objective of this study was to evaluate the effectiveness of conventional and McGregorian approaches to performance appraisal followed in selected enterprises. It was proved in this research that McGregorian approach to performance appraisal was superior to conventional approach which is was closed and control-oriented. In this study of executive appraisal, it has been concluded that PA (conventional) is predominantly used for taking administrative decisions rather than development purposes and has to face litigations. In this comparative study, it was discovered that McGregorian approach to PA is a more effective tool for both the development and control of employees and its legal validity is sounder than that of the conventional system.
Vijayakumar (1987) instituted an empirical inquiry into both "Public and Private Sector Undertakings on Performance Appraisal" of managers, supervisors, staff and workers. The main aim of this research study was to critically assess the extent to which the pre-requisites for appraisal procedure are met in the organisations and highlight the perceptions of appraisers and appraisees on several issues of PAS. The study discovered that the appraisal practices were still done according to the conventional system and emphasised the need for changes in the existing appraisal system in the selected enterprises. It was further found that the appraisal results were used for administrative uses in the public sector, and the same were used for identifying training needs in the private sector.

Another research study in Karnataka was conducted by Mario Desouza (1983) on "Evaluation of the Current Appraisal System and Testing of a New BARS System" for nursing personnel in five hospitals working in private and public sectors. In this study, the researcher, through an experiment in an Indian Hospital, examined the assumptions, hypothesized advantages and limitations of the BARS. The study showed that the BARS could be developed in the Indian Hospital setting in a fairly similar manner as detailed in the US studies. Beyond
demonstrating that the BARS is a superior appraisal tool, this study also brought out some of the appraisal problems and issues prevalent in a large teaching hospital.

The research work done by Lakshmipathy (1985) on "Performance Appraisal in Public Enterprises" in Bharat Heavy Electricals Ltd (BHEL) the case study revealed that PA has generated high hopes amongst all employees. The study also examined the perceptions of employees on various issues of PAS in BHEL, a public enterprise. The implementation of MBO was recommended by the researcher at the end to make effective the PAS.

Yet another study was made by Sanjib Swain (1986) on "Performance Appraisal and its Practices in Mineral Exploration Corporation Ltd" (Nagpur) with the object of finding out the extent to which the company was successful in implementation and also to know the uses of PA data. The study disclosed that the executives were more conscious of achieving organisation objectives than the non-executives and the executives performed well at their jobs. The executives and non-executives were more or less satisfied with the system.
In a recent study taken up by Rajaskekhar (1994) on "HRM in District Central Co-operative Banks", he devoted a section to training and development issue which is guided by PA technique. The perceptions of the employees revealed that there is no awareness regarding the method of selection for training and development programmes in District Central Cooperative Banks.

Rami Reddy (1990) in his research work on "Human Factor in Slate Industry", has stressed the need for human resource development in an industry. The study discussed in detail various factors that affect the performance of a worker which in turn calls for a systematic PA.

Another related empirical work was done by Kolekar, (1987) on "HRD in Selected Public Sector Undertakings", in which PAS was devoted a chapter. The researcher examined the PAS in ten central and state enterprises in relation to the contents, objectives and methodology of appraisal practices. The study found that all the selected units had PA on annual basis, but self-appraisal was practised only in a few units. It was revealed in this study that PA was used for indentifying the potential of employees. The three research
studies reviewed above are related to the present study since PAS is an essential ingredient of HRD and HRM.

Rao (1988) in an article discussed the various objectives of PA, viz. Performance Planning, Development, Monitoring and control, culture building etc. He further emphasised on the components of PA, particularly Key Performance Areas (KPAs) and Key Result Areas (KRAs). Rao felt that it was useful to have attributes/qualities/traits as a part of appraisals since such traits helped in reinforcing the behaviours that were required. The study advocated for self-review and favoured changing of the term from 'appraisal' to 'Performance Planning, Analysis and Development' (PPAD).

In a survey conducted by Rao (1992) on "HRD Practices" in 34 private sector and 11 public sector companies, it was found that perceptions were not that significant among executives. The study indicated that a large number of organisations appear to use PA both for regulatory as well as development purposes. There was difference between the stated objectives and objectives in practice. Rao felt an urgent need to pay attention to assessing potential of executives which was given less attention. Yet, another study conducted by Rao (1978) covering 588 officers of large public sector companies
indicated that about 98% of the respondents felt that the appraisal system should help them to recognise their strengths and weaknesses. Most of the officers (60%) opined that it is very difficult to have objective assessment in any form of appraisal.

Ishwar Dayal's (1969) investigation of two manufacturing companies in India observed that there was no relationship between evaluation and promotion, transfer and placement. The study revealed that there was a discrepancy between what had been reported on paper and what had been told orally by the appraiser to the appraisee with regard to appraisal.

A study undertaken by Monga (1981) for analysing the appraisal formats of six Indian organisations revealed that conventional formats of PA were still in use in spite of the modifications being made. Many managers thought that PA was a useless annual ritual to be completed.

Malathi Bolar (1968) conducted a survey on existing "Performance Appraisal Practices" in 82 organisations in India. This survey was prompted in 1968 and also in 1976 by the need to know the managerial performance appraisal practices and covered the aspects such as purposes, criteria, method, periodicity, feedback and the person etc. The study
was confined to managerial and supervisory personnel and not to workers. Both the surveys indicated that there existed substantial hesitation about evaluating through interviews. Malathi Bolar observed that most of the issues relating to appraisal were ethical rather than administrative.

A study conducted by Rudra Basavaraj (1971) on "Executive Development" in 75 leading organisations in private, public and cooperative sectors, included the leading banks in the country. It was found that no body except one or two seemed to be satisfied with their current executive PAS. He felt that the major problem in most of the appraisals seemed to be that it tended to be subjective and it had become an annual ritual on the part of the executives.

An article contributed by Niazi (1979) on PA stated that managers postponed writing appraisals till the last moment. The system generates a number of anxieties and the appraisers play safe while recording their assessment. It was further mentioned that reward in the form of promotion or increment is never given only on the basis of appraisal which constitutes only one of the many factors involved. Some other equally strong and important factors are: seniority, experience, education and performance at an interview.
Pradeep Chandra (1994) in his discussion on PASs, stressed the need for performance appraisal system in government organisations. He expressed that government employees in India had a unique constitutional and judicial protection of their jobs. The study suggested that effective follow-up on low level performance was extremely important and finally recommended a Behavioural Observation Scales (BOS) type of PAS to be done by a supervisor.

A case study was carried out by Rao and Rath Jibitesh (1992) on strategy for implementation of Executive Performance Appraisal System (EPAS) in Steel Authority of India Ltd. (SAIL). The study examined the broad features of the system which was implemented from 1991-92 for around 22000 executives working in different plants all over the country. It was suggested by the authors that the system must guarantee fair methods of evaluation and facilitate effective implementation.

Mani (1995) in a recent article critically analysed the issue of PAs to consider whether it was a myth or a reality. He remarked that in many organisations unfortunately the PAS was still perceived as a fault-finding exercise done year after year by superiors and it was still implemented in the form of 'confidential report' without any feedback. In his
conceptual framework he gave a few guidelines viz., setting standards, maintaining critical incidents diary, planning for the discussions etc. in order to make appraisals more objective. He suggested that every manager should realise developing his subordinate and manager should also be evaluated on how he conducted the PA of his subordinates, in which case it became a reality, not a myth.

An investigation undertaken by Mathew (1991) on Psychometric Properties of Performance Ratings given by 88 Middle Level Managers examined the relationship between self and superior ratings of performance. The study revealed high correlations between the two methods of rating. The results showed the self rating to be a valid method of performance evaluation and to be used more profitably as a method of performance evaluation.

Bhatia (1974) in his empirical study, demonstrates how a proper appraisal system based on the participative approach was designed in a public sector organisation. He mentions that earlier studies focussed attention on the effectiveness of PAS rather than on designing the system. It is observed by the author that those who have to be appraised are hardly involved in the system design. The study suggested at the end
that the Bureau of Public Enterprises and professional institutes can play a positive role in designing an appraisal system for public sector enterprises.

In a study conducted by Singh et al., (1981) on PAS in six industrial units covering 580 employees at different levels identified the factors responsible for the non-effective use of PA. The objective of the study was to assess the effectiveness of PAS. The study concluded that all the executives involved directly or indirectly in the appraisal process needed to be trained to overcome rater biases, subjectivity, leniency, etc. The study also suggested that appraisal format should be linked with the functions and responsibilities of the individuals.

Varma (1987) in his conceptual framework on PA, developed a new nomenclature viz. "Result-oriented Performance Appraisal" (ROPA). It almost entirely revolves round and survives on voluntarily identified, concrete 'key result' areas and 'targets'. He concluded in his study that an employee could not be expected to measure up to his boss's standard unless he knew what that standard was and wherein he needed improvement.
An experiment made by Gupta and Chakravarthy (1978) on 'Performance Rating' disclosed that there existed significant difference in productivity between crew members. It was identified in a preliminary survey that the problem of low productivity was because of staff.

The review of literature presented in the preceding pages reveals that there are not many studies relating to the most significant aspects of PA in public enterprises. They were confined to one or two aspects of PA in public and private enterprises thus making them a comparative study. No attempt has been made to study the PA particularly in central public enterprises working in Karnataka.

Need for the Present Study:

The early advancement of industrialisation in the west led to the development of several scientific tools for PA. The quantitative techniques like BARS and BOS have been tested and widely used in American enterprises. But such objective and fair tools of appraisal are yet to open their account in Indian enterprises. By and large, theoretical and empirical evidence shows clearly that appraisal techniques are based on conventional methods. In spite of the decisions given by Supreme Court, High Court, Central Administrative Tribunal
(CAT) and Administrative Reforms Commission that appraisals are not confidential, still they remain confidential in practice. This amply demonstrates that PA decisions need to meet legal requirements.

Public enterprises have been established in India with a view to achieving industrial development, prevention of concentration of economic power, balanced growth etc. But unfortunately they devoted little or no attention to the issue of HRD, for which the most effective tool is the PA. The history of appraisals is one of confrontation and conflict of frayed relationships and frustrated hopes. In many public enterprises they have become an eye-sore both for the management as well as the employees. Moreover, PA is used as a tool predominantly for controlling subordinates and administrative purposes rather than developmental ones. The appraisals are hated by both the appraisee and appraiser and none is serious about them in public enterprises. The PA technique has not been used in a way it is expected to be used by the public enterprises. Moreover, only a few studies have been carried out to know the perceptions of executives toward the PAS.
In Karnataka state, which in spite of being one of the important centres of industrial activity, no single study has been undertaken so far in the area of 'executive appraisal' as far as central public enterprises are concerned. Even the studies reveal that there is a large gap between the studies already made and the studies that are actually required. Hence, in view of this lacuna, the present research study has been undertaken.

The present study is designed to make an in-depth study of the on-going appraisal systems and practices in selected public enterprises. The PA in public enterprises has been evaluated on various parameters such as objectives, criteria, rating, feedback, sub-ordinate development, uses, motivation etc. on the basis of perceptions of executives at different levels of management. This empirical inquiry may also suggest an alternative if necessary. No study has been made so far by any researcher or institution in this direction. Hence this study. When the plight of appraisals is so unsatisfactory in public enterprises, studies on this topic may be regarded as the need of the hour.

The findings of this study are not only useful to the selected public enterprises but also to similar enterprises.
working in various parts of the country. This study should be of great utility to executives also, since an appraisal system improves their job performance. Managerial staff represents a segment of the society and thus the study conforms to the principle of social relevance, too.

This inquiry, it is hoped, will draw the attention of other researchers to undertake further studies on different aspects of PA.

Objectives of the Study:

The following are the main objectives of the present study:

1. To study how well the existing performance appraisal system is working and to assess its role in human resource development (HRD),

2. To examine the criteria, methods and uses of performance appraisal employed by the units under study,

3. To identify and analyse the constraints on appraisal of executive performance,

4. To determine the link between the appraisal practices and improved performance,

5. To evaluate the individual perceptions of executives on the existing staff appraisal system and
6. To suggest ways and means to reduce or eliminate gaps, if any, with a view to streamlining the methods, procedures and processes of performance appraisal.

Hypotheses of the study:

Against the background of the objectives cited above, the following hypotheses were formulated by the researcher for the present study:

1. There exists a link between performance appraisal, motivation and managerial effectiveness.

2. The current appraisal system is predominantly used for taking administrative decisions rather than the development of subordinates.

3. Performance appraisal has a bearing on employee growth and productivity.

4. Performance appraisal is used as a tool to control and regulate the employee behaviour.

Nature and scope of the study:

The present study of PA in four public enterprises is designed to make a detailed study of the existing practices and systems on PA. Since the study is confined to take individual central public enterprises working in Karnataka, it represents a micro-level study. It has regional importance.
also, since the industrial units from Karnataka state still continue to be a virgin field in terms of research. As the study is conducted on the basis of both primary and secondary data considering practical evidences this can be an empirical study also. Of the four central public enterprises selected for the study, two (NMDC, & KIOCL) are iron-ore (metals & minerals) industries, one (TSP) is a heavy engineering industry and the last unit (VISL) is a Iron and Steel Industry. But all the units come under one category, i.e. Public enterprises possessing common features.

With regard to the frontiers of the present study, it is confined to the executives (managerial class) and their appraisal. The executives in all four public enterprises consist of Junior managers, Assistant managers, Deputy managers, Managers, Senior Managers and further extends beyond DGM's and AGM's also. For the purpose of this study, the executives are drawn from all the departments of both the plant and administrative offices on random basis. Executive cadres are made on the basis of basic pay and nature of work and they represent both technical and non-technical fields. Performance appraisal for non-executives and office staff is usually done by the prescribed formats which are purely trait-based and thus it has no significance. Non-executives are
excluded from the purview of this study. Moreover, the study
does not take the registered office or corporate office or
other units of the parent organisation e.g. NMDC and KIOCL
etc. for its appraisal purpose.

The researcher has limited his study only to the central
public enterprises working in Karnataka, Tungabhadra Steel
Products (TSP) Ltd. and Visvesvaraya Iron and Steel Industry
(VISL) have equity participation by the Government of India
to the extent of 51% and 60% respectively.

The performance appraisal system chosen for the study is
based on the two approaches of appraisal, the old
(conventional) and modern approach. NMDC and TSP are still
using the conventional method of appraisal whereas KIOCL and
VISL have implemented the modern methods of appraisal. (self
appraisal and MBO) Further, the companies where the appraisal
system has been in operation for more than 3 years has been
selected for the study. This is because, a three-year period
is required for the system to get stabilised and the
expectations from the system become clear to the raters and
ratees.
Methodology:

The researcher has followed case study approach for conducting this inquiry into performance appraisal in selected public enterprises. Before the main study was conducted, a pilot study was made with a tentative interview schedule. A sample of nine executives in each company representing different levels of management for four enterprises was chosen for the tentative study. The tentative questionnaire prepared in the light of the theoretical and conceptual aspects of PA was tested. Their comments and suggestions were incorporated in the interview schedule designed for the main study.

The interview schedule contained open-ended, closed-ended, Likert scale and multiple choice questions. It was designed by including various issues concerning performance appraisal such as objectives, process, criteria, feedback, rating, subordinate development, training and development uses etc.

The schedule prepared contained questions and statements divided into three parts: profile of the respondents, appraisee's and appraiser's perceptive. (See Annexure..I) The schedule prepared was administered personally by the researcher to executives of all levels of management in
selected enterprises on the basis of the sample size. The schedules were preferred by the investigator since they provide researcher a personal contact with the respondents in eliciting the right kind of information. The researcher can also probe in detail if an interview schedule is prepared to obtain the perceptions of the respondents. Besides this, the study has extensively made use of the discussion, interview and observation techniques the requisite data. The problems, bias, errors, process, etc, of P.A. have been fully discussed with the executives chosen for the study.

Sources of Data:

In view of the manifold objectives, the data are obtained from more than one source. The data have been generated from two sources, viz. primary and secondary. The primary data were collected through interview schedules consisting of managerial (executive) perceptions (see Annexure. I) on PAS. The secondary data were stemmed from the printed forms, guidelines, policies, compendium, annual reports, circulars, information booklets, instructions and legal cases etc. The salient features of the on-going appraisal system in each profile enterprise are prepared with the help of secondary data.
Maximum efforts are intended by the researcher to collect the data from the original documents and reports, etc. but the companies maintained secrecy and did not part with original PA reports. In order to overcome this, the researcher held discussions and interviews with all executives selected for the study.

The evaluation of the appraisal system will be determined with the help of the perceptions of executives who have had at least five years experience as appraiser. The executives from the junior, middle and senior management levels and those who should fit in to the role of appraisee and appraiser are chosen for the sample.

Sample Size:

After a careful analysis of the nature of the study and the gaps in earlier studies on PAS, the four public enterprises of the Government of India have been selected for the study. The entire sample is drawn from these organisations taking into account the executives at different levels of management and also the departments to which they belong. In order to give representation to all the strata, 'Stratified random sampling' technique is used here. The samples are chosen independently for all the four industries.
since there is considerable variation in the total work force. In view of the large work force the researcher felt that the sample of 200 executives out of 1200 would be a good representative sample.

The list of companies selected and the number of executives to be selected for the study is shown in the following table:

Table 1.2:

Sample size

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Public Enterprise</th>
<th>System of PA</th>
<th>Total Executives</th>
<th>Executives chosen for study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>National Mineral Development corp. Ltd. (NMDC), Donimalai iron ore mines</td>
<td>Conventional</td>
<td>250</td>
<td>50</td>
</tr>
<tr>
<td>2.</td>
<td>Kudremukh Iron Ore Co. Ltd., (KIOCL), Kudremukh</td>
<td>Modern</td>
<td>250</td>
<td>50</td>
</tr>
<tr>
<td>3.</td>
<td>Tungabhadra Steel Products Ltd., (TSPL) T.B. Dam.</td>
<td>Conventional</td>
<td>180</td>
<td>40</td>
</tr>
<tr>
<td>4.</td>
<td>Visvesvaraya Iron &amp; Steel Ltd. (VISL) Bhadravati</td>
<td>Modern</td>
<td>520</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>1200</td>
<td>200</td>
</tr>
</tbody>
</table>
Statistical Analysis:

In this study some statistical tools are used to give a quantitative touch to the empirical analysis. The results of this study will not be precise unless expressed statistically. Therefore, statistical tools such as arithmetic mean, percentages, Analysis of Variance, Z-test (Normal test) of proportion and Chi-square ($X^2$) test have been applied wherever necessary.

Arithmetic mean has been used to findout the mean pay and mean age of respondents. A two-way ANOVA technique is applied in order to know whether the perceptions of executives in different companies and levels are significant or not. This technique tested the level of executives' satisfaction on existing PAS, the relation of appraisal to labour productivity and appraisal uses in the units selected. 'Z' test and $X^2$ test are used to test the hypotheses formulated.

Scoring of Responses:

The responses collected on a 3 or 4 point scale were assigned scores for statistical purposes. The scores of each level of executives for each company were written in the form of a matrix and thus the average scores were obtained. A two way ANOVA technique is applied to the data in order to test
whether there is any significant difference in mean scores of
the executives in the four units selected for the study. It
also tested whether there existed any significant difference
in perceptions of executives within their levels.

Analysis of variance (ANOVA):

Analysis of variance is a technique the principle of
which is to test the differences among the means of multiple
populations by examining the amount of variations within each
of these samples relative to the amount of variation between
the samples.

ANOVA is used when multiple sample cases are involved. A
two-way technique is used when the data are classified on the
basis of two factors. In this study a two-way ANOVA was
applied by taking two factors, viz., the companies and the
position level of executives.

Limitations of the Study:

It is necessary to point out here itself that the present
study suffers from certain limitations because of the
difficulties encountered during investigation. Despite all
possible efforts to make the analysis more comprehensive and
scientific, a study of the present kind is bound to have
certain limitations. They are mentioned here as under:

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1. To keep the present study within manageable limits, it is intentionally confined to the four selected public enterprises in Karnataka.

2. The researcher has labelled all sorts of traditional systems of appraisal under one title, i.e., conventional or old approach and the others such as self appraisal and MBo under the modern approach. The quantitative approaches like BARS and BOS have been kept outside the purview of the study, as they are yet to be tried out in Indian Companies.

3. The sample drawn from the four public enterprises was on random basis. It is felt that it is impossible for the investigator to contact all the executives to generate data. Hence, the researcher could contact as many executives as possible to obtain data, which is considered to be a representative sample for the study.

4. It is inevitable in a study of this kind, that at times analysis had to be done based on opinions, observations and perceptions of executives. In such cases, the results, at best, are 'near to truth'. However, an honest attempt is made to report and analyse the perceptions of executives on various aspects of PAS as objectively as possible without interviewer's bias.
5. The PA reports were considered as 'confidential' by the managements of selected public enterprises. Hence, the researcher was denied access to them. The access to the actual reports would have made the study still more authentic. However, this gap has been filled by conducting in-depth interviews and by using questionnaire and discussion techniques.

6. In some cases, the respondents were hesitant to answer some questions which were sensitive in nature. The researcher has overcome this problem by holding discussion with such executives who are not interested in giving responses in writing.

Chapter Scheme:

The entire study has been divided into six chapters. A chronological list with subtitles of these along with a brief summary is given below.

Chapter I is an Introductory chapter. It attempts to discuss the human resources, human resource development, public enterprises, performance appraisal, statement of the problem, reviews of the earlier studies, hypotheses and the research design followed.
Chapter II examines the Conceptual Framework of the study. The concept of performance appraisal, process, techniques, problems and effectiveness of the issue taken for study are highlighted here.

Chapter III sketches briefly the Profile of the selected units along with the working of PAS in these organisations. Various dimensions of PA in the public enterprises have been thoroughly examined in this chapter.

Chapter IV deals with the Legal Aspects of PAS. The conformity of PA to legal standards is dealt with in this chapter.

Chapter V presents Analysis of the Field Data. The profile of the respondents, perceptions of executives on the existing PAS as appraisees and appraisers are evaluated.

Chapter VI arrives at the principal Findings and offers Suggestions to make executive appraisals effective.
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