CHAPTER 2

LITERATURE REVIEW

2.0. Introduction

The process of performance review must have been in use estimated to be since the inception of organisational structure of any institution where employees are assigned duties in one or the other form. Every organisation strives to get maximum output from its employees. Therefore, some or the other method of evaluation of performance has always been in existence. Some authors in personnel management believe that appraisal schemes have been in existence since World War 1, when W D Scott invented the man to man comparison scale. Armstrong (1977) points out that various schemes of merit rating were developed, mainly in USA between the Wars. Crane (1986) traces the history of performance appraisal since 1813 when efficiency report of officer under the command of Brigadier Lewis came out. It is difficult to trace the history of performance evaluation with exact year. But it could be believable fact that process might have started in every work place as soon as employees were assigned certain duties to perform. However, the topic has been always interesting and challenging among the management professionals. It has been considered as most problematic component of human resource management. Enough has been written on this topic and there is widespread literature scattered in different discipline as appraisal is being applied in all types of institutions engaged in performing
different jobs. This process of performance evaluation is considered useful both to the employees as well as employers. Even then, all involved in appraisal process: supervisors, employees and administrators are dissatisfied with their organisational performance appraisal system. Nevertheless, every manager is reluctant to abandon it. Instead, it is still regarded as an essential tool of human resource management (Meyer, 1991).

Today, all type of organisations are facing the challenge of how to develop and manage their employees strategically in order to achieve more and more with less and make optimum use of their potential (Jain, 2006).

Some performance criteria such as leadership and creativity can not be quantified or quantitatively measured. It should be obvious that combination of objective appraisal with objective criteria is most desirable for conducting fair performance evaluation. People are egotistic and have their own preferences thus can never be rational in making decision. A person’s ability to interact smoothly with other people is a necessary condition, but it is not sufficient condition for achieving organisational goals. Some people who are loyal to their superiors and work in harmony with them; yet many such person are mediocre or inferior in performing their jobs. Promoting these individuals to upper echelons of the organisational hierarchy will only lead to a lower level of organisational performance. Chung (1969) suggests objective appraisal processes with objective and/or subjective criteria which are related to organisational effectiveness; a person’s ability interact smoothly is only one of these criteria. Simmons (2002) attempted to identify the
performance criteria to academic staff for effective performance management of professionals. Author collected the views on the subject from the expert group formed for the findings of this study that the objectives of Performance Appraisal could be better achieved by giving awards for a team for goal achievement. This is being suggested to integrate appraisal with total quality process (Hemmings, 1992). Abraham et al., (2001) raised the question whether competencies are being considered as a part of performance process. Based upon their survey, they found that many of the organisations are not appraising these competencies (six in number) in their managerial processes. They conclude that failure to appraise the competencies reduces the effectiveness of competencies and managerial performance appraisal programs. All seem to be dissatisfied with the system of appraisal being followed in their organisations. Very few organisations have been successful in achieving the objectives for which the process is being continued. Wiese Danielle and Buckley, M Ronald (1998), Cook, Mark (1995), Nevling (1992), Analoui and Fell (2002), Cuttts and Schneider (2004), Harrison and Goulding (1997) and many more believe that present methodologies are not giving effective results. Hence, needs further research. All systems in use have some or the other limitations. These systems have universally failed and emphasis has turned to improve the managers' skill suggesting various measures to encourage employees to give improved performance (Armstrong, 1977). McGregor (1957) suggests that the superior instead of finding himself in the position of a psychologist or therapist, can become a coach helping the subordinate to reach his own decision on the specific steps that will enable him to reach his targets. Whisler (1955) believes that fault lies in the notion that a rating plan is basically a
measuring stick whereas it should be used as tool of control. Richards (1959) tries to give new concept to performance appraisal and considered it as supervisory tool - not a management tool. On the basis of survey conducted Richards inferred that most employees are anxious to get their supervisor’s evaluation so that they can improve their performance on the job. Mixed reaction to this process continues right from the introduction of this concept. In one of the earlier studies conducted at the university of Minnesota reported that out of 22 firms studied 12 showed dissatisfaction with their present system (Mahoney et al., 1957). It was W. Edwards Deming who has been challenging the effectiveness of traditional performance appraisal systems used by American managers. According to him managers should always focus on quality and long term improvement. His management approach has been successfully implemented in many organisations. Supporting Deming’s approach Elmuti, Kathawal and Wayland (1992) states that such actions will not only help to strengthen these companies’ market position, but will also help to improve the overall competitiveness of American industry. Deming believes that scientific methods should be used to improve the performance of the organisations. Basically what is wrong is that performance appraisal or merit rating focuses on the end product... not on leadership to help people (Moen, 1989). ‘Personal rating has created tension, defensiveness, and avoidance on the part of both managers and employees and usually do not improve performance.’ In business, major surveys have found that not only do less than 10% of companies believe that they have successful programs. In short, performance appraisal does not improve performance instead, it is proxy measure of the relationship between reviewer and the employee (Bowman, 1994). The situation becomes worst when
employees perceive that evaluation is manipulated because of raters’ personal bias and intention to punish subordinate. In such circumstances employees expressed less job satisfaction (Poon, 2004). Evaluation or rating also suffer from central tendency theories or the halo and pitchfork effects either every one is rated average because of reluctance on the part of the manager to criticise (Harrison and Goulding, 1997). This is the opinion of many. Adverse remarks or rating an employee below average may create problems to the rater. Therefore, he wants to escape inviting troubles. Bowman (1994) suggests to replace performance appraisal with Total Quality Management (TQM) and reviews the barriers performance appraisal has posed to TQM. Comparing Performance Appraisal with TQM Bowman affirms that traditional management attempts to improve performance by controlling employees; it confuses fear with discipline. TQM ensures that planning organising, staffing, and directing take place by promoting team work, coaching, listening and leading, processes are measured instead of people, and performance measurement are integrated into daily activities to meet real needs. Every one is expected to assume responsibility for problem solving to ensure quality and productivity. Some leaders of management prefer MBO (Management by Object).

Drucker (1954) and McGregor (1957) are some of the famous names who believe in MBO to achieve specific goals within a specified time. In a study of appraisal systems in General Electric, it was found that when specific quantitative goals were mutually established, the average accomplishment was 65%, whereas specific goals were not set, performance was estimated to be 27% (Meyer et al., 1965). MBO has gained favour
because it is more objective by nature, relying not on opinion of the supervisors but on the evidence of whether or not the targets have been reached (Harrison and Goulding, 1997). However, some don’t believe in MBO. Levinson (1970) commented that a man may do an excellent job by objective standard of measurement but may fail miserably as partner, subordinate, superior or colleague. He called MBO as one of the illusions and recommended that an MBO program includes consideration of individual’s motivation and personal goals avoidance of the static job description, which is so often a basis for the objectives. Latham and Yukl (1975) confirm through research findings that challenging objectives lead to greater accomplishment only if subordinate truly accepts the goal as reasonable. Bowman (1994) suggested TQM as an alternative as personnel rating have created tension, defensiveness, and avoidance on the both managers and employees and usually do not improve performance. Patel (2005) made a systematic study in Gujarat Electricity Board. Its findings revealed the following results;

1. The periodic orientation programmes are not at all conducted to explain the objectives of the appraisal system.

2. Managers do not spend time to discuss with their subordinate about their performance and

3. The manager does not take performance appraisal seriously.

Meyer et al. (1965) while conducting survey of employees of General Electric Company excluded personal characteristics for evaluation and study was based upon job responsibility. However, McGreger (1965) observed that a program utilising rating of
personal characteristics of subordinate would not be suitable, but one which emphasises behavior might be. This means that behavioral aspects should form the part of evaluation. There is no such method of evaluation which can achieve the objectives of this process. Most of the organisations particularly government or semi-government in India hardly give any importance to evaluation though being followed as routine work in every organisation.

Meyer et al. (1965) while discussing traditional as well as some innovative methods of performance evaluation concluded with the following problems being faced by traditional methods:

1. Appraisal interviews attempt to accomplish the two objectives of providing a written justification for salary action; motivating the employee to improve his work performance.

2. The two purposes are in conflict, with the result that the traditional appraisal system essentially becomes a salary discussion in which the manager justifies the action taken.

3. The appraisal discussion has little influence on future job performance.

4. Appreciable improvement is realised only when specified goals and deadlines are mutually established and agreed on by subordinate and his manager in an interview split away from the appraisal interview.

McGregor (1957) in a new concept condemns the conventional appraisal because
it places the manager in the untenable position judging the personal worth of his subordinates and acting on these judgments. The respect we hold for the inherent value of individual leaves us distressed when we must take the responsibility for judging the personal worth of a fellow man.

Meyer et al. (1965) made a survey at the G E company to determine the effectiveness of our traditional performance appraisal program and found that:

- Criticism has a negative effect on achievement of goals.
- Praise has little effect one way or the other.
- Performance improves most when specific goals are established.
- Defensiveness resulting from critical appraisal produces inferior performance.
- Coaching should be a day to day, not once a year, activity.
- Mutual goal setting, not criticism, improves performance.
- Interviews designed primarily to improve a man’s performance should not at the same time weigh his salary or promotion in the balance.

2.1. Performance Appraisal in the Academic Library

Library profession is no exception to the problems associated with the system. There have been many performance evaluation systems developed by many university libraries. However, all such systems also have some or the other limitation at implementation level. Therefore, proper analysis of instruments/systems being used is
required so as to develop appropriate one which may help both individual as well as organisation. There are as many methods as the institutions, but none of them could be found to achieve the objectives for which these have been designed. Dalton (1988) stated that the professional literature of 1970's and 1980's indicates that topic has become hotbed for discussion. Today public sector accountability gives added impetus. The desire to reduce government expenditure has led to an increasing pressure on higher education and its libraries to justify their performance in terms of efficiency and comparison with other libraries. University of Northern Colorado developed a single system for University librarians and teaching faculty. This was subsequently revised several times but the latest one also can not be presumed without limitation. Since job description is varied, therefore a single instrument can not be effective to different categories of staff. The system was developed on two levels of standard; standards for satisfactory performance and standards for excellent performance (Patricia, 1986). Initially the system had only three levels of evaluation such as unsatisfactory, needs improvement, meets expectation, or exceeds expectation. It would be worthwhile to reproduce the rating system evolved by the University:

Level 1: Unsatisfactory: The individual fails to meet the Minimum Standards in the instruction area.

Level 2: Needs Improvement: The individual meets the Minimum Standards in the Instruction area and fails to meet the Minimum Standards in at least one of the
two remaining performance areas.

Level 3: Meet Expectations: The individual meets the Minimum Standards in the three performance areas.

Level 4: Exceeds Expectations: The individual achieves the Standards for excellence in at least two of the three performance areas, and meets at least the minimum standard in the third.

The revised instrument moved to a system whereby individuals are evaluated as unsatisfactory, satisfactory, or excellent in each of the performance areas, then given an overall rating into one of four levels, defined below:

Level 1: The individual fails to meet the standards for satisfactory performance in at least two of the three performance areas.

Level 2: The individual meets the standards for satisfactory performance in two areas and fails to meet the standards satisfactory performance in the third area; or meets the standards for excellent performance in either professional activity or service, meets the standards for satisfactory performance in instruction.

Level 3: The individual meets the standards for satisfactory performance in all three performance areas; or meets the standards for excellent performance in one area and meet the standards for satisfactory performance in two areas: or meets the standards for excellent performance in two areas and fails to meet the standards for satisfactory performance in the third area; or meets the standards for excellent performance in one area, meets the standards for satisfactory performance in one area, and fails to meet the standards for satisfactory
performance in the third area, provided that third area is not instruction.

Level 4: The individual meets the standards for excellent performance in at least two performance areas and meets the standards for satisfactory performance in the third area.

This study also finds that there is a strong opinion that duration of evaluation should be three years as one year duration is a short period for evaluation of professional achievements. However, matter is debatable having its advantages as well as disadvantages. The system further was considered for repeated reviews, revision and analysis so that it could achieve its objectives for which it is designed.

2.2. Potential Pitfalls to Performance Evaluation

Before introducing the goals-based system, the following potential pitfalls to performance evaluation were reviewed and adapted from “8 Ways to Ruin Performance Review” (Lowe, 1986).

1. **Halo Effect**- the supervisor gives a favorable rating to all position responsibilities based on impressive performance in one job function.

2. **Pitchfork Effect**- the opposite of the “halo effect,” the supervisor gives a poor rating to all position responsibilities based on poor performance in one job function.

3. **Central Tendency**- The supervisor rates everyone as average, thereby avoiding
making judgments.

4. **Loose Rater** - the supervisor rates everyone highly (this type of rater can also be called spineless or lenient). The supervisor thus avoids conflicts by not pointing out weaknesses.

5. **Tight rater** - The supervisor rates everyone poorly because he feels no one can live up to his standards.

6. **Recency Error** - The supervisor relies on recent events to determine a staff member’s performance rating rather than the full period under review.

7. **Length of service Bias** - the supervisor assumes that a tenured staff member is performing well because of his experience.

8. **Competitive Rater** - The supervisor determines a staff member’s rating based on how he has been evaluated by his own supervisor.

Evaluation of superior is not quite common. In one of the surveys of companies found that nearly 3 out of 4 had formal evaluation program for lower level managers and over half of them extended appraisal to top management studies. In view of this certain writer have pleaded that personal traits of the employees should be excluded from the appraisal process. They recommend that personal traits should be avoided. Performance evaluation must find something objective to evaluate. *(Ben Johnson, 2004)*. Problem is more complex when evaluation is considered in library environment where most of the jobs are beyond measurement. In this context *Aluri and Reichel (1994)* have discussed Deming’s idea in the context of library administration. The authors have concluded that
there is bias towards an uncritical acceptance of Performance Appraisal due to the fact that most contributors of the literature are practitioner who themselves administer performance evaluation. There are many personality traits which can not be easily measured and evaluated such as dependability, loyalty, attitude, judgment, sincerity etc. Participation by the employee in the goal setting procedure helps produce favorable results. Johnson Marjorie (1972) conducted a survey on all university libraries in the United States having more than fifteen librarians on the staff to compile information on performance appraisal. He concluded that the best yardstick for measuring librarians is a form specifically designed to consider the special competencies of librarians.

Hodge (1983) suggested that the manager may develop PA instrument. The behavioral observation rating scale was selected for the development. The appraisal form was developed for the technical services at the library. He further suggested the criteria to use in developing / assessing and applying a performance appraisal system. Guidelines and recommendations based on current criteria are provided.

Kroll (1983) discussed in his article, how Performance Appraisal is becoming increasingly common for library faculty and professional staff. He focused specially, on the uses of the evaluation process as a means of planning for the future while reviewing the past and as a means of stimulating the library faculty to develop their talent.

The first International conference (1999) on “Performance measurement in libraries
and Information services: value and impact" was held during August 27-31,1999 in the Longhirst management Training and Conference Centre, Longhirst Hall, Northumberland (England), which was being organised by the department of Information and Library management unit of Northumbria at Newcast, England. All papers were presented by the Library professionals, concerning the findings, suggestions, recommendations and concerning methodology for performance appraisal of the library professional.

There is no doubt that there are mixed feelings about the merits and demerits of this system and literature is full of this controversy, nevertheless, this process continues. It is also established fact that performance appraisal has both negative as well as positive effects on employees. It is the methodology adopted which is responsible for its good and bad effects.

**Elliott (1983)** has given good literature review from 1975-1982. **Tyckoson (1992)** suggested that reference service should be measured on the basis of accountability to library users, colleagues, library administration based upon behavioural factors. **(Ford and MacDougall (1992)** worked out assessment techniques for academic libraries which was published as BLRD Report. **Jordan (1992)** described appraisal system for Metropolitan University library while examining the problems of existing conventional staff appraisal system. **Verrill (1993)** emphasised the need for performance appraisal system for staff development and enhancing their performance. He further suggested that it should be considered as an integral part of staff development not any threat from the management.
Barker (1993) feels that evaluation by the peer review system is the only suitable for dispersed staff structure. Green (1993) conducted survey of chief librarians and concluded that appraisal is well established and well received. This is effective tool of reviewing and communicating feedback on performance. Rubin (1994) criticises the performance evaluation of a supervisor based on observation and judgment and suggests more valid and reliable instrument based upon variety of sources like opinion of subordinates of supervisor. There are thinker like Aluri and Reichel (1994) quoting W Edwards Deming who condemned performance evaluation as deadly disease afflicting American management and nourishing fear, encourages short term thinking, stifle teamwork etc. Another criticism of appraisal system is that employees do not perceive the appraisal (evaluation) process as appropriate format for bringing up difficulties with other employees, though these issues are frequently key factors in determining employees success (Lanza, 1985). Some are also in the opinion that annual practice of appraisal is not to be encouraged rather it should be seen as natural event in course of managing organisations (Jordan, 1992). There are others who feel that group evaluation is better than individual. Participative management which is possible through group evaluation may yield better results. It may also cultivate team spirit among staff members. Some may also argue for the combination of the two without any conflict between the two. Stuert and Moran (1998) and Stuert and Sullivan (1991) identified tasks and duties to be included in job description. Chan (2006) described core competencies that characterise the qualities for super performance of library staff and suggested the way these competencies could be used in performance evaluation. Boyatsis (1982) defines competency as an underlying
characteristics of person which results in superior and/or effective performance in a job. Core competency should be possessed by all professionals in addition to other requirements of different jobs.

2.3. National Status

Many private organisations like *Voltas Limited, Larsen and Tourbo Limited* and *State Bank of India* and many more institutions have developed their own systems of job performance evaluation. Rao (1986) has given detailed account of these systems. There are large numbers of studies conducted in the field of performance management, but no significant work has been done in the field of library and information science in India which could be applied for evaluation of library professionals. However, some studies have been conducted in India which are being briefly reviewed here below:

In 17th All India Conference of IASLIC held at Jaipur from 27-30 December, 1989 some papers were presented on the topic and issues were discussed. Seetharama (1989) while discussing the objectives of Performance Appraisal identified factors of job evaluation like Job knowledge, integrity, communication and cooperation and made some suggestions for manpower development. Vashnav (1989) also suggested planning for manpower development. Chakraborty (1989) discussed the advantages and disadvantages of performance appraisal and suggested the criteria and format for performance evaluation. Gopinath (1899) discussed the factors affecting performance and argued that the norms of performance appraisal could be based upon 5 laws of Library Science. Seetharama
(1989) in another paper discussed various performance standards in India. Maharana and Panda (2001) worked out some criteria for Job Performance Evaluation like primary responsibilities, professional development, scholarly activities by developing evaluation format. Chopra (2001) made a survey of rating of performance being followed in various libraries of Union Territory of Chandigarh and found that majority of the employees are being rated in B grade (Very Good) i.e. falling in the point scale of 60-79. Least rating was E grade (Poor). A grade (Excellent) was mostly awarded to professionals working in special and university libraries. On methodology of job performance evaluation, a variety of rating scale have been developed on the various experimental studies conducted in different organizations. Some of the managerial and behavioral dimensions have been identified and used by many organizations (Pareek and Rao, 1981).