Chapter - II
THEORETICAL FRAMEWORK
Performance Appraisal in Perspective:

The concept of PA is in a transition stage. From 'merit rating' it has grown to the status of 'Performance Planning, Analysis and Development'. The following pages present briefly the evolution and growth of the concept of PA.

Appraisal is as old as civilization. The earliest people for whom we have written records, the 'Sumerians', who flourished in the lush Tigris and Euphrates valley some 6000 years ago, almost surely did frequent appraisals. There is no doubt that they did appraisals of the things that mattered most to them, the material objects on which their prosperity depended. (Robert et al., 1977, p.1)

The history of formal PAS can be traced as far back as the third century when the emperors of the Wei dynasty (A.D. 221-265) appointed an Imperial Rater to evaluate the performance of official family members. Centuries later, Ignatius Loyola established a system for formal rating of the members of the Jesuit Society. (Whisler & Harper, 1962, p.423). Since then PA has come through many phases of
development, related to the needs of succeeding eras and varying situations. Researchers have reported, however, that PA for industrial workers was perhaps first introduced in 1800s in Robert Owen's Cotton Mills in Scotland. But this appears to have been an isolated instance (Mihir Basu, 1988, p.1).

With regard to the starting of PA (formal) in USA, there is a divergence of opinion among the authors. According to one authority, formal PA in industry started in 1813 in the U.S. Army (Shaskin, 1986). But Whisler and Harper opine that in the U.S., formal appraisal of performance was probably first introduced by Government service administration. The newly established New York City Civil Service introduced a rating plan in 1883. Even earlier, in the 1850s, rating forms were used in federal government offices. School administrators began using rating plans for appraising teachers at least as early as 1896, but American business did not get around to attempting a systematic appraisal of performance until shortly before World War I (Whisler & Harper, 1962, p.423). In fact, the real impetus to appraisal in business came as the result of work measurement programmes of Fredrick Taylor and his followers before World War I, says Harold Koontz (1971, p.17).
Employee appraisal techniques are said to have been used for the first time during the first World War when, at the instance of Walter Dill Scott, the US Army adopted the "Man-to-man" rating system for evaluating military personnel. During 1920-30 relational wage structures for hourly paid workers were adopted in industrial units. Under this system, the policy of giving grade wage increments on the basis of merit was accepted. These early employees plans were called "Merit rating programmes", which continued to be so called up to the mid-fifties. In the early fifties, however, attention was devoted to the performance appraisal of technical, professional and managerial personnel. Elton Mayo, a behavioural scientist of 1940, influenced PA by adding human- relations-oriented attributes to the rating list.

It is clear from the above that the formal appraisal system for managerial personnel in industry and business is a much later development and started only after World War II. In 1960s, a widespread use of PAS for managerial staff in industry was observed. A survey carried out in 1977 showed that 95 per cent of large business organisations and 84 per cent of small ones in the US had formal PASs. Gill's survey in 1977 showed that 82 per cent of British companies which participated in the survey had formal appraisal schemes.
It is not clear when the merit rating system for workers started in the Indian industries. But as far as the use of appraisal systems for managerial personnel in Indian industries is concerned, the survey conducted by Mihir Basu reveals that Union Carbide had such a system as far back as 1940. The Tata Iron and Steel Company (TISCO) and Voltas introduced such systems in 1953 and 1954 respectively and Bata's also started one in the 1950s. Public enterprises which were set up after independence had a confidential reporting system almost from their very inception and this was an extension of the government practice in respect of civil servants. Of course, appraisals were in use in the army and civil services for a long time before independence. They were 'personality-trait' oriented and rated on a 4 to 6 point scale. The purpose was mainly to decide about salary progression and promotion in the private sector and promotion in the public sector. Thus, the systematic assessment of employee's performance is comparatively a recent development in India.

As a result of experiments and a great deal of study, the philosophy of PA has undergone tremendous changes. Consequently, a change has also taken place in the terminology used. From 'merit rating' it has changed to 'Annual

There is a clear shift from trait-oriented appraisals towards performance-oriented appraisals. A continuing search for more objective, psychometrically valid methods of appraisal, especially in the USA, is on. PA is taking a behavioural direction with increasing openness and employee participation in the appraisal process.

Trends in Employee Appraisal:

Table 2.1 indicates a shift in emphasis relating to the several aspects of PA.
Table 2.1: Shift in the terminology of PA.

<table>
<thead>
<tr>
<th>S. Item</th>
<th>Former Emphasis</th>
<th>Present Emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Terminology</td>
<td>Merit rating</td>
<td>Employee Appraisal/Performance Appraisal</td>
</tr>
<tr>
<td>2. Purpose</td>
<td>Determining qualifications for wage increase, transfer promotion, lay-off etc.</td>
<td>Development of the individual, improved performance on the job.</td>
</tr>
<tr>
<td>3. Application</td>
<td>For hourly rated workers</td>
<td>For technical, non-technical, professional &amp; managerial employees.</td>
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<tr>
<td>4. Factors rated</td>
<td>Personal traits</td>
<td>Results, accomplishments and performance.</td>
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<tr>
<td>5. Techniques</td>
<td>Rating scales with an emphasis upon scores, statistical manipulation of data for comparison purposes.</td>
<td>Mutual goal setting, Critical incidents, Group appraisal, and Performance standards etc.</td>
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<td>6. Post appraisal Interview</td>
<td>For communicating rating to employee &amp; to seek conformity</td>
<td>Stimulates employee to analyse himself and set own objectives.</td>
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</table>

Performance Appraisal - Meaning and Definition:

(i) Performance:

'Performance', as defined in Dictionary of Personnel Management, (Ivanonic, 1990, p.194) refers to the way in which someone or something acts. It is the rate of output achieved.
by a worker over a day or shift by reference to a performance or rating scale (Derek Torington, 1974, p.474). But the literal meaning of performance is the act of performing, execution or accomplishment (Webster's New World Dictionary, 1975).

Performance (Laxmipathy, 1985, p.89) was viewed as the individual contribution by humans in terms of their labour, skill and talents. Performance is two things: (1) It is the results that people get on the job, and (2) It is whatever they do that affects those results. Performance is the outcome of the actions on the job and it is also the actions that produce the outcome (Robert et al., 1977, p.1).

The results are algebraically expressed as:

\[ \text{Results} = K + S \times A \]

Where:

\[ K = \text{Knowledge} \]
\[ S = \text{Skill} \]
\[ A = \text{Application} \]

The individual performance can be calculated with the following performance equation: (Rao, 1990, p.116).

\[ \text{Individual performance} = \text{Ability} \times \text{Motivation} \times \text{Organisational Support} \]
(ii) What performance is not:

People do lots of things on the job that do not affect results. And people display many characteristics on the job that do not influence the outcome. None of these things comes under the heading of performance.

(iii) Performance appraisal:

Performance appraisal literally means an assessment of the quality of a person's work in a job. Staff appraisals are the reports on how well each member of the staff is working. The word 'appraisal' means "to assess the worth of someone or something". Thus PA refers to process of assessing the worth of an employee's performance and giving him the feedback.

The following are a few definitions on performance appraisal:

1) Kenneth Pratt (1985, p.1)

"A formal or systematic method of staff assessment and development." Staff appraisal probably has a greater unfulfilled potential than any other area of activity involving the human resources of an organisation.

2) Flippo (1981, p.203)

Flippo opines that generally the choice lies among three possible approaches:
a) A casual, unsystematic and often haphazard appraisal,
b) The traditional and highly systematic measurement of
   i) employee characteristics,
   ii) employee contributions, or
   iii) both.
c) Mutual goal setting through a management by objectives programme.

3) Hasley (1976, p.2)
   "PA is an orderly, systematic and carefully considered analysis and evaluation of person's services based on observation and objective records of performance".

4) Joseph Famularo (1971, p.41)
   "The purpose of appraisal is to measure and evaluate as fairly as possible the various results brought about by the employees' individual contribution".

5) Tripathi (1983, p.170)
   "PA refers to all the formal procedures used in working organisations to evaluate the personalities and contributions and potential of group members".

From a close scrutiny of the above definitions it is clear that PA has been defined by different authors in
different ways. The concept of PA deals with both the method and process of appraisal. It is no longer associated with only the technique of appraising, but assumes a significant role in the human resource development. "PA is a way of carrying out the responsibility systematically and is a process aimed at assisting, advising and encouraging the employee to achieve agreed targets" (King Patricia, 1989, p.5).

Objectives of PA:

In the UK and USA as well as in India, the original purpose behind the introduction of a formal PAS has invariably been to generate performance information which could be used for certain basic administrative decisions such as promotion and salary increase. Gradually, over 25 years, however, the purposes of PA have proliferated a great deal. As a result of these developments, PASs are now being called upon to serve a variety of different purposes. These different purposes (McGregor, 1979, p.82-88) can be divided into four groups, viz.,

a) Administrative (decisions on promotion, demotion, salary increase, placement, transfer, discharge, organisation planning etc);
b) Motivational (appraisal interviews, counselling, participation in goal-setting and work-planning, self-appraisal etc);

c) Informative (Counselling, training and development, communication etc) and

d) Performance development (through MBO, goal-setting and work planning processes).

Factors affecting PA:

PA should be done with caution. It is always advisable to make a preliminary survey of the following constraints with in which the employees of an organisation are working (Chakravarthy, 1978).

1. Environmental constraints:

There are several environmental constraints which may be outside the control of a worker and to ignore this fact in judging his performance would be unjust, e.g., sudden breakdown of machinery, deteriorated quality of raw material etc.

2. Organisational leadership:

It is the nature of leadership at the top which determines to a large extent the loyalty and commitment of employees to the goals of an organisation. Effective top
leadership orients and motivates the entire organisation for better performance. But if leadership does not do this, it should be considered an imposition or stricture.

3. Inter-dependence of sub-systems:

Since every organisation is a big system composed of a number of inter-dependent sub systems, the success or failure of any one sub-system has got to be interpreted in the context of all other sub-systems to which it is related.

4. Organisational structure:

Organisational structure is of two types; organistic and mechanistic. Organistic structures tend to have quite flexible organisational relationships. Elaborate organisation charts or manuals are usually non-existent. Mechanistic structures, on the other hand, tend to be rigid, with clearly defined relationships and responsibilities. These two structures can exert influence on PA.

Essentials of a good performance appraisal programme:

Following are the essentials of a good appraisal programme: (Smith/Brouwer, 1977, p.136).

1. Personnel appraisal and development programme require the support of the chief executive of the company.
2. Motive and attitude are more important than technique and skill.

3. Managers must involve themselves in the development and use of the programme.

4. The manager or subordinate relationship is the means of implementing the programme.

5. Managers must understand human behaviour.

6. The emphasis must be on performance, not on personality.

7. The system should have a built-in incentive, i.e. a reward should follow satisfactory performance.

8. The system should be periodically evaluated to be sure that it is continuing to meet its goals.

Main components of a PAS:

In order to meet the objectives the following components could form a part of the PAS (Rao & Pareek, 1981, pp.113-116).

1) Identification of Key Performance Areas (KPAs):

Performance has to be appraised against certain functions and objectives that have been agreed to by the employee and his reporting officer. The critical functions associated with a given role may be called "Key Performance Areas" or "Key function areas". Every employee should sit with his reporting officer a year in advance and identify the areas of his
performance which are considered to be very important for his role.

2) Setting of goals/objectives:

In order to have a clear understanding of the expectations it is useful to set goals or objectives under each KPA. Under each KPA qualitative or time-bound objectives could be set.

3) Identification of behavioural dimensions:

A set of behavioural dimensions such as creativity, initiative, team spirit, subordinate development etc. should be identified which are concerned with managerial effectiveness. These dimensions should be such that these are desirable for performing more and more higher managerial jobs.

4) Periodic review of performance:

There should be preferably an annual review of performance on objectives and behavioural dimensions on a rating scale. Ratings on performance and behaviour are necessary in any appraisal system to generate data. For rating performance, the words like outstanding, good, average etc are used. Some others use 5 point, 10 point scaling systems but it is not the number that is important but the process by which an officer arrives at the number.
5) Analysis of performance:

Appraisal system should focus upon identifying the factors that help or hinder good performance which may be called facilitating and inhibiting factors. Appraiser should help the appraisee in identifying these factors, understand their respective roles in strengthening facilitating factors and weakening the inhibiting ones.

6) Formal performance review and discussions:

Performance appraisal should provide an opportunity where an officer and his reporting officer could sit together and share with each other the problems, difficulties, perceptions, views etc. The appraisal system should aim at facilitating the communication between the subordinate and superior.

7) Identification of development needs and development of action plan:

PA data are useful in identifying the training needs of employees. These should flow from performance analysis and identification of personal factors facilitating or inhibiting performance. Developmental activities may take the form of organising internal training programmes, delegating higher responsibilities, job rotation etc.
What is appraised:

Following are the most common factors assessed in PA:

(Sadasivan, 1993, p.5).

1) Output/results achieved:

It should be noted that the organisations in the absence of MBO approach, consider only two factors in appraising employees, viz., quantity and quality of output. The assessment will be based upon the extent to which the person accomplished the targets set for him if the organisation establishes key result areas and objectives.

2) Performance related traits:

Traits such as job knowledge, dependability, initiative, perseverance, adaptability self management etc are considered while assessing the performance of an employee.

3) Managerial skills:

The management skills usually considered are: planning, organisation, control, communication and inter-personnel skills, team work, creativity, development of subordinates etc. Usually a BARS is used to rate an individual on traits and managerial skills.
WHO appraises an employee:

The appraiser in most instances is the immediate superior (reporting officer) and superior’s superior (reviewing officer). In a survey conducted in FORTUNE 1300 companies in USA, 96% of the respondents stated that immediate supervisor evaluates employee (Sadasivan, 1993, p.3). Appraisal may also be by self, subordinate, peers and beneficiaries. There are problems associated with each type of rater. The one to be fully chosen depends on the organisational climate and the management’s decision. Thus, there are various types of appraisal, viz., appraisal by supervisor, self-appraisal, peer appraisal, subordinate appraisal etc.

The Performance Appraisal Process:

The Figure 2.1 demonstrates how the appraisal process should be constructed (David Decenzo, 1993 pp.361-364). The various steps involved in the appraisal are dealt with in some detail as under.

1) Establish performance standards:

The performance standards should be evolved out of job analysis and the job description. These standards should also be clear and objective enough to be understood and measured.
Fig. 2.1: The Appraisal Process

1. Establish Performance Standards
2. Communicate Performance Expectations to Employee
3. Measure Actual Performance
4. Compare Actual Performance With Standards
5. Discuss the Appraisal with the Employee
6. If Necessary, initiate corrective action
2) Communicate performance expectations to employees:

Once performance standards are established, it is necessary to communicate these expectations. It should not be part of the employees' job to guess what is expected of them. Communication is a two-way street. It takes place only when the transference of information has taken place and has been received and understood by the subordinate. Therefore, feedback is necessary from the subordinate to the manager.

3) Measurement of actual performance:

The necessary information is to be acquired in order to measure the performance of the employee. Managers measure actual performance through personal observation, statistical reports, oral reports, and written reports.

4) Comparison of actual performance with standards:

The attempt in this step is to note deviations between standard performance and actual performance and this facilitates the discussion of the appraisal with the employee.

5) Discussion of the appraisal with the employee:

One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate and then have the subordinate accept the appraisal in a constructive manner.
Conveying good news is considerably less difficult for both the manager and the subordinates than conveying the bad news that performance has been below expectations. In this context, the discussion of the appraisal can have negative as well as positive motivational consequences.

6) Initiation of corrective action:

Corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into causes. Immediate action corrects something right now and gets things back on track. Basic action asks how and why performance deviated.

Methods of performance appraisal (Systems / Approaches):

There are several appraisal systems which are currently in use in the organisations. In view of the varied types of tasks in organisations, it may not be possible to have only one uniform appraisal format for all of its employees. The Chart 2.1 presents following chart presents the various methods of PA used in organisations (Mamoria, 1994, p.404).

Various methods are which may be useful to gain theoretical focus about the topic chosen for the present study are discussed below in some detail:
Chart 2.1: Performance Appraisal Methods-A Bird’s eye view

Methods

- Traditional Methods
  - Straight Ranking
  - Man-to-man comparison
  - Grading
  - Graphic Rating Scale
  - Forced Choice
  - Forced Distribution
  - Critical Incidents
  - Free Form Essay
  - Group Appraisal
  - Check list

- Absolute Standards
  - Essay Appraisal
  - Critical Incident
  - Check list
  - Graphic rating scale
  - Forced choice
  - BARS

- Behaviour Oriented
  - Critical Incidents
  - BARS
  - Mixed Standard Scales
  - Forced Choice Scales

- Modern Methods
  - Group order Ranking
  - Individual Ranking
  - Balanced comparison
  - M.B.O

- Result Oriented
  - M.B.O
  - Work Planning & Review
  - Summary Performance Rating

- Other Methods
  - Shared Appraisal
  - Multi Appraisal
  - Task Appraisal

1. MBO/ABO
2. Assessment Centre
3. Human Asset Accounting
4. BARS
5. Self Approval
I. Traditional Methods:

1. Straight Ranking Method (Individual Ranking)

This is the oldest and simplest method of PA. Under this method, one person is compared with all others for the purpose of placing him in a simple rank order of worth. The ranking of a man in a work group is done against that of another. The persons are tested in order of merit. Straight ranking is very simple and natural and separates the most efficient from the least efficient. On the other hand it is very difficult to compare single individual with others.

'Paired comparison technique' is a variant of straight ranking method. In this method the rater compares each man in his group with every other man, with the final ranking of each worker determined by the number of times he was judged better than the others. The number of judgements become excessively large when a group is large.

2. Man-to-man Comparison method (Factor Comparison):

Under this method, certain factors are selected for analysis, e.g., leadership, initiative, etc., and a scale is designed by the rater for each factor. Then each man to be rated is compared with the man in the scale and certain scores for each factor are awarded to him. It is used in job
evaluation, but the designing of scales is a difficult
MARR--one.

3. Grading:

Certain categories of worth such as 'outstanding',
'satisfactory', and 'unsatisfactory' are established in
advance and carefully defined. Appraiser places the
appraisees under different grades depending upon the
performance on different items. The selected features may be
analytical ability, cooperativeness, dependability, self-
expression, job knowledge etc. This method is used in
semester examinations and by the Public Service Commission.

4. Graphic Rating Scales:

Under it, a printed form, one for each person to be
rated, is supplied to the rater. The form contains a number
of factors to be rated. The factors are based on employee
characteristics (initiative, leadership, dependability etc.),
and employee contributions (quantity and quality of work,
responsibility, attendance, attitude, etc.). This method
provides some kind of a scale for measuring absolute
differences between individuals. It is arbitrary and the
rating is subjective.
5. Forced Choice Method:

Under this method, the rating elements are several sets of fair phrases or adjectives, relating to job proficiency or personal qualifications. The reporting officer is required to choose the relevant phrase that suits the subordinate e.g. 'Attitude indifferent'.

6. Forced Distribution Method:

The appraiser is expected to place each subordinate into a class, which are already ranked in order of the performance efficiency. The employees are rated on only a few characteristics, e.g. job performance and promotability. The rater is asked to indicate the individuals who may be placed in the top 10% of subordinates.

7. Critical Incidents Method:

The essence of this system is that it attempts to measure workers' performance in terms of certain events or episodes that occur in the performance of the ratee's job. It requires the rater to evaluate the performance of subordinates on the basis of selected incidents such as 'upset over work', 'strikes', 'lock-outs', 'machinery break down' etc., which typically describe their performance.
8. Free Form Essay Method:

Under this method, the superior writes an essay on his impressions of his subordinates and takes note of the factors like relations with fellow-workers and supervisors, organising ability, attitude etc. This method depends upon writing skill and experience of supervisors and may be subjective.

9. Group Appraisal Method:

Employees are rated by an appraisal group consisting of their supervisor and three or four other supervisors who have some knowledge of their performance.

10. Check List Method:

This method supplies reports about performance, and the final rating is done by the Personnel Department. A series of questions or statements relating to employee's behaviour that indicate positive or negative attitude are presented. The appraiser checks statements, interprets and assigns scores to the check out traits.

II Modern Methods:

The traditional or old methods of PA emphasise either task employee's personality rather than on performance. The new methods of PA are based on performance and are results-oriented. The following are the modern methods of PA.
1. **Management By Objectives (MBO)/Appraisal By Objectives (ABO)**:

The concept of MBO was first evolved by Peter Drucker in 1954 and further developed by John Humble, Reddin and George Odiorne. George Odiorne made a major contribution to MBO in 1965.

MBO represents an approach which seeks to clarify and reaffirm the role, accountabilities, and therefore, contribution of the individual in the light of both the challenges and constraints of the environment within which he works. It is concerned principally with the 'here and now' and the future, rather than with history. MBO is, therefore, progressive rather than merely retrospective (Williams, 1975, p.25). It was Douglas McGregor who first applied the concept of MBO to PA.

Under this an employee and his supervisor meet and together define, establish and set certain goals or objectives which the employee would attempt to achieve in the prescribed period of time. They also discuss the ways and methods of measuring employee progress. The goals set are work related and career-oriented. At periodic intervals the superior and subordinate review performance and consider the degree to which the projected results have been achieved. The
supervisor plays supportive, counselling and coaching roles. It is a result-oriented approach and stresses goals rather than methods. MBO is a participative approach.

The three elements of MBO are:

i) Setting objectives,

ii) Tracking progress, and

iii) Evaluating results.

The fundamental elements of the MBO appraisal process are depicted in Fig.2.3 (Dale Yoder and Standohar, 1982, p.223).

2. Assessment Centre Method:

It is a multiple assessment of several individuals performed simultaneously by a group of trained evaluators using a variety of group and individual exercises. They test candidates in a social situation using a number of assessors. This method is used to determine employee potential for purposes of promotion.

3. Human Asset Accounting method:

It refers to activity devoted to attaching money estimates to the value of a firm's internal human organisation and its external customer goodwill. If able, well-trained personnel leave a firm, human organisation is worthless. On
Fig. 2.2

MBO Model

ORGANISATIONAL MISSION

SUPERVISOR'S INPUT TO RECOMMENDED OBJECTIVES

AGREEMENT BETWEEN SUPERVISOR & SUBORDINATE

POSSIBLE REVISIONS OF OBJECTIVES

PERIODIC REVIEW OF PROGRESS

APPRAISAL OF PERFORMANCE

SUBORDINATE'S INPUT TO POTENTIAL OBJECTIVES

COUNSELLING
the other hand, if they join, its human assets are increased. This method is yet to be popular.

4. Behaviourally Anchored Rating Scales (BARS):

BARS is a new and recently developed technique of PA which is yet to be experimented in Indian companies. An increasing number of observers recommend the use of BARS to improve the effectiveness of MBO. It provides a systematic procedure for identifying desired behaviour. Brief statements or incidents of behaviour exhibited on the job are taken as behavioural anchors for the numbers on the rating scale. These anchors suggest the degree of performance on which the employee is evaluated. The rater selects the description that is most typical of the ratee's job behaviour during the performance period.

5. Self-appraisal (SA):

Recently many organisations have been introducing self-appraisal as a part of their appraisal system. Self appraisal is a continuous process. More than his reporting officer, the employee should himself take steps to continuously assess his own performance, identify his strengths and weaknesses. He should also analyse the causes for his successes and failures. Self-appraisal made by the appraisee reports on tasks
fulfilled, constraints faced, facilitating factors and suggestions for improvement. Thus self-appraisal can be a very useful component of a development oriented PAS if viewed seriously by the appraisee and appraiser.

III & IV Methods Based on Absolute and Relative Standards:

The various methods classified under this heading have been already discussed under traditional and modern methods.

V Behaviour-oriented Methods:

Behaviour-oriented methods define performance in terms of observable actions or specific acts that an employee either does or fails to do. Critical incidents, BARS, Forced choice which falls under this category has been dealt with already under traditional and modern methods. But mixed standard scales refer to an appraisal where more than one scale is used for measurement.

VI Result-oriented Approaches:

Under this category, MBO is the most important technique of appraisal which has already been discussed under the heading II. Work planning and review amount to setting objectives/tasks in advance and turn out performance based on the objectives. The performance is analysed in terms of
strengths and weaknesses under 'Summary Performance Rating', and the overall performance is evaluated on a specific rating scale.

VII Other Methods:

i) **Shared Appraisal**: It is a method in which two appraisal (separate) forms are written up by the appraisee and appraiser separately and subsequently completed on a joint basis at the interview. It establishes the ground rules and avoids the need to defend precise and probably unreliable ratings.

ii) **Multiple Appraisal**: This is an appraisal which is made by more than one party such as peers, subordinates etc.

iii) **Task Appraisal**: This requires that an individual performs a task which is appraisable while being observed by the other participants. This task can cover anything from giving a talk to supervising a group of people to build a model.

It is crystal clear from the above that since no method is perfect it is advisable to use mixed methods which combine two or more methods of evaluation. In fact, the choice of a measurement method must be determined by the purpose of the measurement. Since most organisations want performance measures for multiple purposes, they need multiple measures.
Factors that can Distort Appraisals : (Problems/errors)

It has been observed that reporting officers do not fill the form on time and there is natural reluctance to make a confidential report on a person in the absence of a continuous and open system of communication between the two. PA will never be a readily undertaken exercise as long as the culture of confidentiality persists (Bhatia, 1981, p.113).

The following factors can significantly impede the effectiveness of the appraisal programmes.

1. **Leniency**: This error occurs when one evaluator marks the performance high and others low. The former is referred to as positive leniency error, and the latter as negative leniency error. The individual's performance may be under-stated or over-stated which may result in higher or lower appraisals.

2. **Harshness**: This error is due to conservative attitude of the appraiser in rating, i.e. the rater is too strict.

3. **Central Tendency**: It is the reluctance to make extreme ratings, the inability to distinguish between and among ratees. Those raters who continually rate all employees as 'average' are prone to this central tendency error.
4. Halo Error: It is an error committed in rating by taking one positive/negative trait and influencing the ratings on all other factors.

5. Similarity Error: When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error.

6. Horn Effect: (Hypercritical) It is the tendency of a superior to rate people lower than their performances justify.

7. Bias of sex, race, religion and nationality: Caste and creed are the causes of bias which influence the rater's judgement in appraising the subordinates.

8. Attribution Theory: According to this theory, employee evaluations are directly mediated by managers' attributions. It is consistent with McGregor's Theory X, Theory Y. The assumption is that Theory X-oriented manager is likely to rate his subordinates lower whereas Theory Y-oriented manager the subordinates higher.

Why PASs fail?

An exploration made by Burke into the working of appraisal systems disclosed the following reasons for the failure of appraisals (Maheshwari, 1980, p.99).
1. Too many conflicting objectives of appraisal.
2. Organisations do not reward managers for developing their subordinates.
3. Managers are reluctant to have face to face confrontation.
4. Managers lack skills for appraisal.
5. Appraisal is seen as once a year activity, without follow up action.
6. The appraiser and the appraisee operate from different frames of reference in the absence of agreement.

Despite the above errors and failures, PA is accepted as a viable methodology for building healthy work environment leading to increased productivity and motivated employees.

How to make Performance Appraisals Work:

The following steps are essential for making the performance appraisals effective.

1. High degree of commitment and support is required from the top management toward appraisals.
2. Managers at every level should recognise their role in making the appraisals successful.
3. Successful implementation of the new appraisal system depends on the personnel/HRD section. The HRD Department
should be made responsible for the implementation of the system.

4. Officers' unions should respond by pressurising the top management to have an HRD outlook and change the appraisal systems to encourage employee development.

5. The management should introduce a change in the appraisal system step by step, level by level and department by department.

Conclusion:

The above theoretical discussion on PA leads to the examination of appraisal procedures in the selected sample of the present study. The knowledge about the current theoretical status of PA enables the researcher to make a realistic and useful assessment of the stage and status of appraisal procedures in the sample.
References


Sadasivan, T.A., Performance Appraisal, (Widia (India) Ltd., Bangalore) - other details not available. p. 5.

Ibid.... p. 3.


