CHAPTER - III

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Being in the present day business setting none of the organizations can be detached but for final continued existence, clearly it has no choice but to be in regular state of competition. As the time needs, the intensity of these practices is improved to keep the good going of the organization revealing the need of the authentic organizational improvement, which has never been easier. Many incorporated elements work as key sources. It consist the traditional sources of competitive success viz. Natural sources. The modern technology and the new economic scales along with other factors have certainly added extent value to the various organizations. Their excellent significance of human resources (HR) becomes the greatest and point of the concerned business or enterprises. It is remarkable fact for the huge increment since the human resources constitute an organization's indescribable unique and unlimited resources.

One of these incorporated elements in Performance Appraisal for the purpose of gross details. The researcher has done honest attempts to get into the center of the important relevant literature by screening the assumptions presented by the researchers and writers in their writings.

Some theorists have considered the actual process of performance appraisal strongly and the promotion policy in the large-scale industries of the private sector organizations and made
valuable recommendations for the possible perfection within the ground of organizational standards.

New ideas with the contemporary modernization are also apt to the distinctive needs are strongly suggested to the pointed significance of the performance appraisal system by some experts. Together with this, a number of scholars have too viewed and published their own ideas in articles on various aspects of performance appraisal. In the last two decades a number of seminars and debates on human resource development (HRD) were organized which had contributed many new ways and developmental conclusions to the literature of performance appraisal.

A comprehensive study of the obtainable literature on performance appraisal and promotion policy was done in order to discover the parameters of satisfactory performance appraisal and promotion policy practices. This study involved reading published works, articles, research work, various books and magazines on the subject research and the some are presented here.

A) Books

Mamoriya. C. B., explained in his book "Personnel Management" that once the employee has been selected, trained and motivated, he is then appraised for this performance. Performance appraisal is the step where the management finds out now effective it has been at hiring and placing employees. A performance appraisal is a process of evaluating an employee's performance of a job in terms of its requirements.
Mamoriya has also stated that performance appraisal has been considered as a most significant and indispensable tool for an organization for the information it provides is highly useful in making decisions regarding various personal aspects such as promotion and merit increases.²

Performance appraisal is a judgment of the characteristics, traits and performance of employees and has a wide range of utility.³

According to Aswathappa K., in his book titled as “Human Resource and Personnel Management Text and cases” performance appraisal may be understood as the assessment of an individual’s performance in a systematic way, the performance being measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility, health and the like. Assessment should not be confined to past performance alone. Potentials of the employee for future performance must also be assessed.⁴

The author has also explained that appraisal of performance proceeds in a set pattern. The steps involved are defining appraisal objectives, establishing job expectations, designing the appraisal programme, conducting performance interview and using appraisal data for different HR activities.⁵

Werther William B. Jr., and Davis Keith., explained their ideas about performance appraisal of organizations and evaluate individual job performance in their book “Human Resources and Personnel Management.” They also stated performance appraisal is
about employee performance and accountability. In a competitive world of today, companies need high performance. At the same time, employees need the feedback on their performance to shape their future behaviour.  

The writers have explained in their book about performance appraisal challenges. "The design of the performance appraisal system often contributes to the challenges facing HR professionals. Important challenges include legal constraints, rater biases and appraisal acceptance."  

Tiem Darlene M. Van., at al. have defined the term Performance Technology (PT) is the science and art of improving people, process and performance. Performance technology is a set of methods and procedures and a strategy for solving problems or realizing opportunities related to the performance of people. It can be applied to individuals, small groups and large organizations.  

B) Ph. D. Theses  
Ibrahim Sirage Ahmedin (1995) studied "An Analytical study on the Effectiveness Aspect of HRD Oriented Manpower Planning Approach" has discussed in the context of the changing environment caused by the new economic policies and structural change programmes. The concept of manpower planning has been shifting from a mere forecasting technique to be desirable input for the achievement of economic goal. However, in the context of corporate sector, the manpower planning is easy to process by which a firm ensures that it has the right number of people and the right kind
of people in the right place at the right time, doing the things which are economically most useful for them.

The above researcher has concluded that this study rightly indicates the changing conditions of the economy due to variable external changes. The HRD manpower planning is inevitable. It also conducted that employment orientation can very well be integrated with the HRD oriented manpower planning.


In the study while explaining the non-statutory machinery Khopkar S. A. has pointed out how the agreements signed by the managements and unions ensured place and higher productivity. By mentioning, now the industrial relations were influenced by the judiciary’s decisions right from 1947 till today.

Khopkar, put forward the suggestions for the future peaceful industrial relations like, open door policy about the recruitment, selection, training and promotion policy, performance appraisal, grievance handling procedure, wages and salary agreement, labour turnover, absenteeism, quality circle, total quality management and HRD. Besides this, some suggestions regarding
the union leader, like the internal union leader have been made. The union leader must be vigilant all the time about the happenings in the industry. The person leading the workforce must be knowledgeable and he has to disregard the past bitterness, if any occurred due to configuration.

Sabade Subhada\textsuperscript{11} (1997) in her study entitled "Viability and Suitability of Western Management Theories in Indian Industry with special reference to Pune (HRD)" that India has had foreign rules and impact of foreign cultures for centuries. Indian lifestyles have been influenced by the Western World, specifically by the United States of America.

The study reveals that the respondents claimed to practice the Western classical and human relations, ideas and techniques keeping the skeptical view about their suitability in Indian conditions. Some imported management tools like JIT (Just in Time) are dismissed as non-applicable, given the status of Indian infrastructure material storages and bureaucratic attitude. Copying the foreign management ideas has not produce results in terms of increased efficiency and productivity. On the other hand some respondents who practice indigenous management idea like promotion task, leadership, spiritual programmes for employees claim to have gained results.

The researcher has concluded that the Indian managers practice both Western and Indian Management ideas.
Khurshid Khurana A.\textsuperscript{12} (1997) in her study "Human Resource Development (HRD) in large scale industries in the Pune Metropolitan Region" had reported on various aspects of HRD viz performance appraisal, career planning, training, manpower planning, HRD climates and HR information.

Khurana has suggested that the performance appraisal system should be periodically modified to suit the appraisal practices prevailing in the industry as well as incorporating in the latest thinking on performance appraisal. The performance appraisal system should have built in incentives. Training as a rule should be made compulsory for all the employees. In-house training programmes, evaluation of the effective training activities and external consultants should be involved. Flow charts and diagrams about career paths should be outlined for employees to seek suggestions from the employees with regards to the existing HRD practices. An effective channel of communication must be established for effective communication and annual HRD conference should be held with MD of the organization attending it.

Sharma Sushma \textsuperscript{13} (1998) in her intensive study on "A comparative study of Performance Appraisal System of the Indian Banks with special reference to Bank of Baroda, Bank of Maharashtra and Syndicate Bank". This covers the data consists various aspects of Banks and analysis of the data related to the HRM sub-system like manpower planning, recruitment, appointment and placement, transfer, performance appraisal and promotion. The objectives of the study were to examine how far the present PAS have been helping for the assessment to evaluate the impact of self-appraisal.
The recommendations in respect of organizational level were suggested. The aim of these activities is to create awareness in the minds of employees about the HRD activities. These activities include house magazines, suggestion schemes, welcome booklets, research activities, distant learning, correspondence courses, and study of job expectations, which can be undertaken and appeal to contribute more for optimum results.

Kulkarni Mohan (1999) in his study on "Impact of Productivity Wages Linked Incentive schemes on Motivation of Workmen – A study" which covers the area of productivity, theory of wages, relationship between wage and work, group incentive schemes like Rucker plan, Scanlon plan and French system, individual incentive schemes like straight piece work system, standard hour plan, Bedaux plan, Halsey plan, Rowan plan, Gantt plan, Taylor’s differential piece rate system, Merrick’s multiple piece rate plan, motivation and theories of motivation. The main object of this study is, in the light of the foregoing, to examine the incentive schemes and to direct the behaviour of the workmen in ways that would benefit the organization and the workmen themselves.

For this research work Kulkarni Mohan had selected 19 Organizations, 20 (CEOs; profit-centre heads and HRD chief, 50 Supervisor / Managerial Staff and 400 Workmen.

In this research summary the researcher had sort of the every workmen, who had taken up any job with any organization look forward for the following four types of satisfaction, which can be listed as below
i) Monetary Satisfaction

ii) Environment satisfaction

iii) Treatment satisfaction and

iv) Job satisfaction

The most important satisfaction of the fore mentioned satisfactions, the workmen look forward to the monetary satisfaction.

The researcher has also suggested the areas for the further research as follows

i) Similar study could be carried in a combination of organization from process, Engineering and service industry.

ii) Such study could be carried out on regional and all India bases. However, this requires some research organization as ORG (operation research group) to carry out such large-scale research.

iii) A similar study could also be carried in respect of sales and personnel to see whether the incentive schemes motivate them to get more orders, stressing the needless increase in shop floor productivity.

C) Articles

Nandkumar P. 15 (1995) has highlighted in his article that all is not well with regard to the performance appraisal system functioning in a large R & D organization studied. The researcher had pointed out that only then; the organization would be successful
in balancing the need for satisfaction, productivity and optimum utilization of human resources. Such organization will not service but grow in the years to come successfully.

Chaudhari. K. K. (1997) has focused on trends in HR management in India as follows:

a) HRM started with PM based on personal relations at the beginning of industrialization in India. i.e. from 1850 onwards and continued up to the end of the first World War

b) In the second phase HRM focus was changed to welfare and was fully boomed with in 1950’s because of different welfare legislations

c) In the third phase HRM was shifted to personnel management, which centered round the industrial disputes settlement and management of unions with the help of pro-worker labour legislation. This continued up to 1980s

d) In the fourth phase, HRM focus has changed gradually to HRD from 1990 and onwards, i.e. a transition from reactive to the proactive management of human resources

Pati Prabhati (1997) has stated in her article that employment as a managerial strategy could be effective only if the managers are ready to share their power and authority. The employees are ready to take responsibilities and challenges. Only
through building a culture of thrust, confidence, freedom and learning can organizations truly empower their employees.

The researcher has concluded in his article that, empowerment is mostly individual affair. It becomes an organizational reality when managers are ready to share their authority, responsibility and accountability with the people through whom they get their work done. It is a feeling that they are an integral part of the organization and their contribution and involvement can help the organization to achieve its goals and objectives.

Pati has also stated that empowerment can only be effective, when the mission and the vision of the organization is clearly defined and communicated to the employees.

Carlson Dawn. S., and Denise M. Rotondo (2001) had concluded in their technical article that while personal values are very important in choosing a career, the individual does not appear to have much effort on the level of perceived promotion stress. Instead the situation or external career stage is more important for predicting, how much stress on individual will experience regarding his or her career development, by providing opportunities for employees early in their careers to demonstrate their talent and to be moved quickly into positions of expanding responsibility.

Kandula Shrinivas R. (2001) has focused in his article on empowerment that reducing levels, decentralization of decision making and utilizing cross-functional teams are seen as critical strategies for accomplishing these objectives. The changes are based on the assumption of empowering people throughout the organization.
The researcher has also stated that empowerment has grown out of a number of trends, which have evolved in the development of the organizational environment. These includes employee's involvement, quality of working life, self managing teams total quality management (TQM), continuous improvement, team working, learning organizations, just in time and inventory.

Pattanayak Biswajeet\(^{20}\) (2001) suggested that in any organization 10 P's are important to bring about the excellence. These are as purpose perspective, positioning, politics, partnership plans or policies, product principles, philosophy, people and performance.

The researcher has concluded in his article that HR is no more a support service in the organization; rather it is the partner in the strategic function of the organization.

Miller Janice S.\(^{21}\) (2001) in his study it may not be surprising that the study found greater appraisal satisfaction for self and upward appraisal than for peer ratings.

As additional research explores the components of appraisal satisfaction attention to personality, psychological and social context issues is warranted. Since performance evaluation occurs in a social, affective and interpersonal milieu, a more holistic approach to appraisal research not only makes sense but also should lead to greater acceptance of the process and ultimately to enhance employee willingness to receive and implement performance feed back.
Pakkerappa\textsuperscript{22} P. (2002) has explained that every business is profit oriented and profit can be maximizing production and sales. The maximization of production is subjected to the availability of inputs, which is generally a limiting factor. The next alternative left to the business is to improve labour costs and increase in profits. It is here that the development of human resource is made through performance appraisal.

The researcher has also explained in his article about the weaknesses and strengths of performance appraisal.

Virmani\textsuperscript{23} B. R. (2002) has clarified in his article about management practices such as man power policy, appraisal system, promotion, grievance handling, perspective on Trade Unions and approach towards employees between Indian and foreign countries.

Chaudhari\textsuperscript{24} K. K. (2002) has stated that modern industries uses the concept of performance management (PM) instead of performance appraisal (PA).

Personnel Management is an integrated system of linking business objectives or goals with KRAs (Key Result Areas) of manager’s i.e. horizontal and vertical net working process. Performance appraisal is a tool of performance management.

Performance Appraisal is a structured process, it usually administered among the managers once in a year determining rewards, promotions and training. It is mostly paper appraisal and subjective and not very keen to the relations with corporate goals.
Sullivan John\textsuperscript{25} (2003) has focused in his article that E-HR means the "Remote" management of HR issues.

Every one in the company now uses technology to do almost everything. Large software system used to manage (SAP / Oracle) were now accessed through the Web and managed completed by those firms.

E-HR means using the technology to improve workers productivity beyond the level of our competitors.

Employees now have online access to actual performance data as well as customer and team 360 degree feedback.

Creating good work environment is a key to improve the morale of employees. Boorman\textsuperscript{26} (2003) has presented in his article that seven key issues to develop such type of environment and hence boost employee morale.

There are seven key – issues in creating such an environment: like appreciation, involvement, social environment, management concern, management loyalty, respect and every needs attention.

Jaw Bin – Shiaw and Weining Liu\textsuperscript{27} (2003) in their technical article on “Promoting Organisational Learning and Self-renewal in Taiwanese Companies: The role of HRM”. The aim of their study is to identify the human resource management practices that contribute to creating a self-renewal organizational climate and to promoting healthy attitudes towards learning in the organization.
For this study they have selected 300 large and medium sized companies randomly from the top 1000 manufactures and top 500 service companies in Taiwan, ranked by common wealth magazine (1998). After analyzing the data, they have concluded and suggested that a relatively comprehensive attempt to investigate the relationship of learning oriented HRM employees learning attitudes and self – renewal organizational climate. This study provides the first attempt at the modeling the issues regarding a self – renewal organization and a firm's Human Resource Management.

Axtell Carolyn. M., and Sharon. K. Parker (2003) has examined the influence of organizational practice on role breadth self-efficiency (RBSE): a person's confidence in performing proactive, interpersonal tasks that go beyond traditional boundaries. A longitudinal study showed that increased tasks control membership of an active improvement group and breaths of training were associated with increased RBSE, providing a stronger basis for casual inference, membership of active improvement groups at time. They had positive move lagged effect on later RBSE. In their article these findings support the proposition that RBSE can be enhanced via organizational intervention. Their study also showed that, after controlling for greater involvements, job enlargement had negative lagged effect on RBSE.

In their article, they have suggested that the potential detrimental consequences of enlarging jobs without also expanding employees' autonomy and influence.

Fried Yitzbak., et. al., (2003) in their article focused on a randomly sample of 111 professional blue – collar employees (often
labeled in the literature as 'journeymen' or meisters') working in an industrial corporation in Israel. With the result support of their hypothesis i.e. job performance increased, overtime under higher levels of role clarity. Moreover this increase in performance was maximized when both role clarity and job security were high while deterioration in performance was greatest when role clarity was low and job security was high.

Sayeed Omer. Bin., and P. V. Bhide\textsuperscript{30} (2003) in their technical paper on “Performance Appraisal Effectiveness” examines major issues related to programme design and implementation of performance appraisal system (PAS) and reports an empirical assessment of PAS effectiveness in two divisions of a manufacturing company. Programme implementation consisted of three stages as follows.

(i) Developing mind set for open superior – sub – ordinate evaluation based on key performance areas;

(ii) Designing / monitoring PAS; and

(iii) Conducting the post appraisal effectiveness survey using 84 appraisers and 127 appraises.

The study documented empirical evidence in favour of programme success. The post – appraisal effectiveness survey clearly pointed out acceptability of PAS design and its process and indicated greater satisfaction of managers and employees with design and implementation of the programme.

examine the relationship between self-efficiency and work performance. The researcher has collected the data from 300 scientists (i.e. 150 from National Dairy Research Institute Karnal and 150 from Agriculture Extension Centers in Haryana).

In this study, the researcher has concluded that in determining the work performance level of employees, job specific, self – efficiency plays a significant role. In this context in order to attain the organizational goal of productivity, constructive actions on the part of employers are required to nature self efficiency, both in themselves and in employees. Employees' self-efficiency can be enhanced through counseling, proper guidance, training and development programmes, challenging and autonomous jobs and rewards.

Mehta Anil (2004) has concluded that the 360 – degree feedback provides a broader perspective about employees' strengths and weakness. It facilitates greater self-development to employees. It enables an employee to compare his or her perceptions about self with the perceptions of the assessors. Besides 360 degree feedback creates an atmosphere of more openness, improved interpersonal relations and teamwork. It makes employees feel more accountable to the internal and external customers.

The researcher has also concluded that the organization should follow the guidelines of 360 degree performance appraisal system and create a environment by emphasising the positive impact of the technique on employees' performance and development.
D) Conclusion of Review of Literature

After reviewing the essential relevant literature the researcher has come to the following conclusions:

i. Performance appraisal is essential in the organization after selection, training and motivation

ii. Performance appraisal is most significant and indispensable tool for the organization

iii. Performance appraisal gives the shape to their employee's / staff's / officer's future behaviour

iv. Performance coaching is a part of the development system and rewards and the recognition as a part of the culture system

v. Performance Technology (PT) is a set of methods and procedures and a strategy for solving the problems or realizing opportunities related to the performance of people

b) In the six Ph.D. Theses the researcher has reviewed the following points emerge:

I. The concept of manpower planning has been shifting from a mere forecasting technique to the desirable input for the achievement of economic goal

II. Future peaceful relations are dependent upon open door policy about the recruitment, selection, performance appraisal, labour turnover, absenteeism, quality circle,
total quality management and human resource development

III. Indian managers practice with Western and Indian management ideas

IV. Performance system should be periodically modified

V. To create awareness in the minds of employees / staff / officers about the human resource development activities

VI. Employees / staff / officers are always looking forward for the following four types of satisfaction

i. Money satisfaction

ii. Environment satisfaction

iii. Treatment satisfaction

iv. Job satisfaction

C) Articles

In the eighteen articles that the researcher has reviewed, the following points emerge

I. Any organization will be successful with the help of satisfaction, productivity and utilization of human resources

II. Empowerment as a managerial strategy could be effective if the managers are ready to share their power and authority. As well as employees are also ready to take responsibilities and challenges
III. 10 P’s are very important to bring about the excellence for organization

IV. Development of human resources made through performance appraisal

V. Today modern industries are using the concept of performance management instead of performance appraisal

VI. Employees' self-efficiency can be enhanced through counseling, proper guidance, training and development programmes, challenging and autonomous jobs and rewards

VII. Now, employees have online access to actual performance data as well as customer and 360 degree feedback

Thus, researcher can conclude that

a. Performance appraisal is a very important tool for organizational management for increasing the efficiency of the officers / staff / employees.

b. Apart from western performance appraisal techniques, some techniques has also been evolved by Indians.

c. The following methods are used in Indian industries.

i. Self – appraisal method

ii. Key performance area method (KPA)

iii. Pair comparison method

iv. Management by objectives (MBO)

d. 360 degree Performance appraisal technique is the latest technique that is in vogue today.
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