1. 

**REVIEW OF LITERATURE**

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Planning is the first and most crucial function of management which tells where we should begin and how things will be well-organized in a system. Human beings are the most privileged animals of the creation because they need not start every new thing from the beginning. The past experience is always helpful to them. They learn from the past and make the plan for the future. In this context, review will be made in the existing relevant literature available on the topic.

The following are the some of important review for this synopsis

**Anderson (2002),** he highlight that the regular and proper use of performance appraisal policy gives better results for an organization. Performance appraisal policy may present two faces, namely the positive and negative aspects. For its positive aspect, it aids the organization in building mechanisms that enhance performance among employees as they aim to reach the shared vision and objectives set as one body. This is more of a discretionary effort as it increases the performance of employees and strengthens their commitment and engagement to their shared goals. For its negative aspect, performance appraisal involves a policy of appraisal which is dreaded by several managers and most of the employees such that it undermines the performance of the employees to perform better. Hence, in such case, it is considered as an irrelevant process of performance appraisal policy

**AnuWakhlu (2003),** he clarifies that 360-degree appraisal and feedback system is totally developmental, and it can be linked to the overall performance of the business plans of the company and the individuals.

**Armstrong (2005),** he describes that the role of performance appraisal as a tool for looking for-ward to what needs to be done by people in the organization in order to achieve purpose of the job, to meet new challenges, better use of technology skills and attributes. In addition it will develop both organizational and individual capabilities and reach agreement on areas where performance needs to be improved.

**Armstrong and Baron (2005),** states that each employee should be evaluated by his
supervisor and then discuss set objectives for the upcoming evaluation. This discussion should cover the review of overall progress, employee development interest and needs to concentrate on specific areas of development in order to review performance objectives and performance standard.

**Boachie-Mensah and Dogbe (2011),** states that the issue of employees’ performance in relation to achieving organizational goals has occupied management’s attention for a long time. Differences in levels of employees’ performance are attributed to differences in skill and ability in one part and difference levels of motivation.

**Bond and Fox (2007),** highlight that the managers and employees can work together to identify related development opportunities. When employees work together effectively and communicate appropriately, the result is continuous and sustainable improvement to attain overall organizational excellence, individual employees need to work together to find areas where challenges exist, or where performance can be improved.

**Boswell and Benson (2000),** contend that the human nature is in constant need of recognition and when they are recognized, either positively or negatively, it spurs them to do more. It is contended that one of the instruments through which managers motivate their employees is the use of an effective performance appraisal policy.

**Cannell (2006),** points out, there is still the need for a conversation to both reflect on past performance and to look forward. The latter is what is largely in the mind of those that advocate a more root and branch change to performance appraisal: a switch to a performance management philosophy that engages employees more in the process and drives performance towards key organisation goals.

**Chen and Mia (2004),** indicated that A well-designed appraisal system can help organization separate outstanding performers from those who are below average. Organizations that identify hard working and productive employees and reward them accordingly, create conducive atmosphere for individuals and organizations’ growth. But a poorly designed appraisal system can create anxiety and sometimes can provoke the morale of employee.

**Cook (2004),** he noticed that he pointed out that the Performance appraisal is
important for employees at all levels throughout the organization. The parameters, the characteristics and the standard for evaluation may be different, but the fundamentals of performance appraisal are the same. But performance appraisal is more effectively used as the tools of managing employee performance

Crane and Crane (2000), Suggested that the Performance appraisals are common practice throughout the business world. However, the current employee performance appraisal system is still not effective in reaching its purpose even though it has been recognized as one of the most important functions in the human resource field.

Crossman (200) he highlight that the fundamental objective of performance appraisal policy is to facilitate management in carrying out administrative decisions relating to promotions, dismissals, layoffs and pay increases. For example, the present performance of an employee is often the most significant consideration for determining whether or not to promote the employee. Managers must recognize that an employee’s development is a continuous cycle of setting performance goals, assessing performance as to the accomplishment of the goals and then setting new higher goals

Erdogan (2000), he explained that the performance appraisal performs three functions; to provide adequate feedback to support employees’ development; to serve as a basis for modifying or changing behaviour to produce more effectively for organization; and to provide useful information to supervisors.

Fletcher and Bailey (2003), enlightened that the performance appraisal policy was viewed as the single largest factor contributing to the development of the organization. It gives ways to innovative thinking and a determined action to eliminate underperformance, unmotivated and poorly managed and trained employees. All of these start with making on an effective performance appraisal policy established within the organization

Hamidi (2010), he pointed out that Performance appraisals are indispensable for the effectual supervision and costing of staff. It is an important factor in identifying the people's talents and capacities and its results can make them aware of advancements, plans and goals
Hurst (2009) he highlights that the strands of performance appraisal is a very structured and controlled backward-looking review approach which is ‘done’ to employees and a much more inclusive, forward-looking approach involving the individual, supporting their development and linking in to the organisation’s needs and values.

Kuvaas (2006), he states that the halo effect occurs when a manager feels that the employee is particularly good in one aspect of his/her role and awards a similar high assessment for all other areas without objective consideration. Conversely, where an employee has a serious fault or poor element of performance, this can sometimes result in unjustifiably reduced assessment of other areas.

Lovegrove (2002), he states that the performance appraisal policy is a critical factor in an organization in enhancing the performance of the employee. Further, there is a strong connection between how firms manage their employees and the organizational results they achieve. Simmons and asserted that most organizations differed from the rest in organization structure, customer orientation and human resources.

Manab Bose (2003), he explains that the performance system helps top and senior leadership and developing competencies to attract and retain world-class talent so desperately needed for business and organizations to grow to world class standards.

Mani (2002), he highlights that the Importance of Performance Appraisal Policy on Employee Performance One of the key responsibilities of the manager in any organization is to evaluate the performance of his subordinates. The essence of the performance appraisal is to assess the employees’ character, attitude, potentials and past performance on the job.

Meyer, Bobocel, and Allen (1991), examiner that the employees’ affective commitment is an attitudinal response, which occurs with employment experiences and beliefs about the work environment. Experiences and beliefs related to work-life balance should positively affect the attitude of commitment, and employees’ affective commitment to their organization might keep them successfully performing their in-role behaviour.

Mondy (2008), he entails an evaluation of job performance of personnel in an organization with a view to achieving positive organizational goals. Most organizations
traditionally use performance appraisal as a tool not only to identify hard working employees, but also a tool to motivate staff.

Murphy (2004) he examined that in many organizations appraisals are expected to fulfill numerous functions including: feedback, coaching, goal setting, skill development, pay determination, legal documentation, employee comparison and layoff selection and ‘no performance appraisal system can meet all these ends.

Nurse (2005), he pointed out that the existence of performance appraisal policy indicates to employee that the organization is genuinely interested in the individual’s performance and development. This alone can have a positive influence on the individual’s sense of worth, commitment and belonging. In both public and private organizations, the issue of employee performance has attracted attention of practitioners and scholars such that there is a wealth of evidence that there exists a positive causal linkage between effective performance appraisal and employee performance

Obamiro (2005), he examined that Performance appraisal has become a key feature of an organization drive towards competitive advantage through a continuous performance improvement and that it has resulted in the development of integrated performance management system (PMS) based on a competency framework

Pakistan Aslam and Sarwar (2010), highlights that the efficient implementation of performance management mechanisms includes: goal setting, managers’ training concerning performance management, reward systems, employee training and development, while it was also found that performance reviews in the organization can resolve some performance appraisal challenges. Although, some work is reported that addresses the issues involved in implementing performance management systems, it is clear that more focused work is suggested, either directed towards public or the private sector organizations.

Perez and Falcon (2004), examined that the Performance appraisals are important for employee motivation, attitude and behavior development, communicating organizational aims and fostering positive relationships between management and employees. Performance appraisals provide a formal, recorded, regular review of an
individual’s performance and a plan for future development. In short, performance appraisals are vital for managing the performance of employees in the organization. To achieve the organization targets there is the need for the employee and manager to discuss targets to be achieved, so that the former is genuinely able to commit to the challenge.

Rasch (2004), he explored that performance appraisal has a positive and negative impact. Employees who receive a good score on his/her appraisal are generally motivated to perform well and maintain his/her performance. Positive feedback on appraisals gives employee a feeling of worth and value, especially when accompanied by salary increases. If a supervisor gives an employee a poor score on his/her appraisal, the employee may feel a loss of motivation in the workplace. Consequently, this can impact on the employee’s performance.

Remain in business there is the need to assess employees’ job performance and device strategies to manage them in an effective manner.

Rezghi (2000), he states that the Performance appraisal refers to a process, which studies and evaluates the job performance of personnel formally. Appraisal is an effective instrument in the human resources management, which if performed correctly and logically, the organization will get its personnel to achieve their interest.

Richer (2005), he explained that Performance management in organizations is viewed as the total system of gathering relevant information, providing specific feedback to individuals and work groups and applying such information for the improvement of organizational effectiveness.

Roslender et al., (2009). Elaborated that the most valuable assets of any organization and obviously constitute the largest corporate investment. Employees’ skills and competencies have significant bearing on organizations’ productivity, profitability and continued survival (International Labour Conference, 2008). Therefore, in order to achieve corporate goals and

Rudman (2003), he contends that a performance appraisal policy that is effective for developing employees may not be the best for determining pay increases. A properly designed performance appraisal policy can help achieve organizational objectives and
enhance employee performance.

**Scott and Einstein (2001),** states that it is important that the appraiser be well informed and credible, as employees are more likely to view the performance appraisal policy as accurate and fair. Employees are likely to feel more satisfied with their performance appraisal results if they have the opportunity to talk freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals.

**Strebler (2001),** explained that the performance appraisals system is multiple objectives of setting targets, giving performance feedback, assessing potential, discussing development needs and determining performance-related pay increases. These schemes, therefore, often require a considerable commitment in terms of organizational resources.

**Tyson and York (2000:142)** state that when employees understand how their individual roles function within the framework of a team, they can more effectively contribute to the entire organization for overall development organizational excellence.

**Tziner, Joanies and Murphy (2001),** contends that the basic purpose of a performance appraisal policy is to improve performance of employees, teams and the entire organization. Performance appraisal policy may also serve to assist in making administrative decisions concerning pay increases, transfers or terminations. In addition, performance appraisal policy should be legally defensible. Although a perfect performance appraisal policy does not exist, every policy should possess certain characteristics.

**Wikina (2008,)** he state that defining and understanding the performance management process as well as establishing the foundations of performance management are key steps in the foundations for successful performance management.

**Williams (2002),** he examined that the primary goal of performance appraisal policy is to improve employee and organizational performance. However, a potential problem with performance appraisal policy and possible cause of much dissatisfaction, is expecting too much from one appraisal policy.
Wilson and Nutley (2003), explained that the importance of an effective performance appraisal policy cannot be over emphasized in the overall performance of an organization. Performance appraisal policy can have a profound effect on levels of employee motivation and satisfaction. Performance appraisal policy has been known to provide employees with recognition for their work and efforts. Also, the power of social recognition as an incentive has been long noted and recognized.

Wilson and Western (2001), pointed out that an organization should seek an accurate assessment of performance that permits the development of a policy to improve employee performance. The policy must honestly inform employees of how they stand with the organization.

Worley (2003), he highlights that an appraiser should delineate performance appraisal policy to an employee appraised and not as an opportunity to criticize. It is primarily a way for explaining what could be done better and how the employee should perform better in future.

Yee and Chen (2009) says that performance appraisal evaluates employees’ present and previous output within the laid down standards, but it also provides feedback on employees’ performance in order to motivate them to improve on their job performance or at least encourage them to reduce inefficiencies in their work.