

THE ORIGIN, CONCEPT AND VALUE OF PERFORMANCE APPRAISAL

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Abstract

This study has critically examined the historic development, importance, uses, types, problems, recent development and approaches in performance appraisal to provide a better understanding of the subject. As the world economy adjust to a new economic paradigm in the light of globalisation, the melt down and political crisis. Confronted by increasing competition and rapid changes, companies are outsourcing services, downsizing manpower and focusing on upgrading capabilities in their core competencies to bring about greater result for companies to remain successful. Companies are challenged to be responsive to the changing environment and at the same time, to demonstrate a reinvigorated human capital capable of sustaining competitiveness and accelerated growth. Obviously, adapting to the latest manufacturing techniques or improving customer service is important; but one of the most important elements required to ensure the success of any company is to improve the performance and productivity of its human resources, from the Chief Executive Officer down to the production line worker. Therefore, clear and quantifiable standards or objectives against which performance is measured are essential. One of the most common tools used by organisation to achieve these standards or objectives is performance appraisal.

Keywords: Performance, Appraisal, HR

INTRODUCTION

Performance appraisal is a tool used by organisations to assess an employee's performance against standards or objectives set by the organisation. It helps to improve the performance of individual and organisation by increasing productivity, quality of performance and encouraging positive work attitudes from workers to be in line with organisation's objectives, plans and method of working. However, appraisal too has its drawbacks as humans have a myriad of emotions, motivational drive and different capabilities that affect their performance and judgement. While a machine or robot can be programmed and controlled to consistently produce the same amount of output, upgrade to perform better or replaced if not functioning properly, human cannot be programmed and controlled easily although they can be replaced

through resignation, termination, retirement, re-organisation, etc. For example, an individual who performed well initially may not maintain his/her accuracy all the time and on all aspects of the job. Furthermore, this individual may even be unwilling to assume extra responsibility and if compelled to do so, would result in continuing repetition of needless errors. It is thus difficult to predict or assess the capability of each employee. Critically, this lack of understanding on its purpose and importance can lead to much misconceptions and negative perceptions on the system. To correct these misconceptions, management should plan, manage and appraise performance in a proper and high-quality manner.

Appraisal although may not be the only solutions or answers to maximise capital and labour, it should be looked upon as one of the vital tools responsible for improving the performance, productivity, effectiveness and efficiency of both the individual and the organisation. Unless, a better way or solution can be found, appraisal seems inevitable.

HISTORY AND DEVELOPMENT OF PERFORMANCE APPRAISAL

This section attempts to examine briefly how appraisal comes about and its early framework. The researcher has chosen to look at its history during the early days and its brief transformation into what appraisal is today. It also explores its early framework development from the scientific, classical and human relations' approach. The process of individual assessment, appraisal, performance evaluation and staff review or "appraisal system" as it is commonly referred to, is not a modern phenomenon. The volume of literature on appraisal is immense. In fact, one bibliography in the 1940s listed over 600 books, articles and pamphlets dealing with the subject of merit rating and appraisal systems (Mahler, 1947). Over the years, appraisal system has become so widespread that it has been used by many organisations around the world.

History of Performance Appraisal

Historically, appraisal is a very ancient art and might well lay claim to being the world's second oldest profession. The early evidences of appraisal system can be traced back to Robert Owen's New Lanark Textile Mills in Scotland in the 1800s where a colour display was used as a means to distinguish an employee's performance (Grint, 1993). The aim of appraisal system then was to improve and motivate performance, encourage competition and possible reward for good work performance.

However, over time, appraisal system for employees has changed considerably. With the advent of technology and market changes, the appraisal system is now being used for far more reaching areas (See Table 1).

Table 1: Uses of Appraisal System

Performance improvement	Performance feedback allows the employee, manager and personnel specialists to intervene with appropriate actions to improve performance
Compensation adjustments	Performance evaluation help decision-makers determine who should receive pay rises. Many firms grant part or all of their pay increases and bonuses based upon merit, which is determined mostly through performance appraisals.
Placement decisions	Promotions, transfers and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance.
Training and development needs	Poor performance may indicate the need for retraining. Likewise, good performance may indicate untapped potential that should be developed.
Career planning and development	Performance feedback guide career decision about specific career paths one should investigate.
Staffing process deficiencies	Good or bad performance implies strengths or weaknesses in the personnel department's staffing procedures.
Information inaccuracies	Poor performance may indicate errors in job analysis information, human resource plans, or other parts of the personnel management information system. Reliance on inaccurate information may have led to inappropriate hiring, training, or counselling decisions.
Job design errors	Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors.
Equal employment opportunity	Accurate performance appraisals that actually measure job related performance ensure that internal placement decisions are not discriminatory.
External challenges	Sometimes performance is influenced by factors outside the work environment, such as family, financial, health or other personal matters. If uncovered through appraisals, the human resource department may be able to provide assistance.
Feedback to human resources	Good or bad performance throughout the organisation indicates how well the human resource function is performing.

Source: Werther and Davis, (1993:339)

Indeed, appraisal today has also become more systematic and designed to help the individuals and organisations to achieve their goals and objectives.

Development of Performance Appraisal Framework

The early roots of performance appraisal framework can be traced to the “scientific” and “classical” approaches and later the “human relations” school of management. The scientific management approach was a natural outgrowth of the industrial revolution. It was a system that attempted to develop ways of increasing productivity and to formulate methods of motivating employees to take advantage of these labour saving technique (Taylor, 1964).

This approach emphasise the systematic measurement of work activity and the use of bureaucratic procedures to help employees reach their fullest potential based on the use of time and motion study by breaking a job down into its fundamental operations (Morgan, 1989). It then determines how each operation could be done effectively and efficiently before establishing a work quota for the job. A benchmark is then established to determine how much a worker should be able to do given the equipment and materials to assess, appraise and reward the employee according to the productivity level (Stoner and Freeman, 1992). In a nutshell, this approach observes, improves, organises, benchmark and re-establishes the work process in the most efficient and effective way of doing things before assessing and rewarding any employee who performs well on the job.

However, while the practices of scientific management approach may have led to dramatic increases in productivity and to higher pay in some instances, it has its shortcomings. It assumes that an average person has an in-built dislike for work and will avoid work if possible (McGregory, 1960). Therefore, people must be forced to work, controlled and directed so that organisational goals and objectives may be achieved.

But, the truth is, humans are not machines and work can be a source of satisfaction. Humans’ desire for job satisfaction and individuals can be committed to achieve organisational goals (Robbins, 1978). However, such a scenario can also give rise to problems such as increase in tension, resistance and frustration from employees and unions as they perceive working harder or faster would exhaust whatever work was available, resulting in layoffs and exploitation of both employees and customers.

However, most systems have their shortcomings. The classical management approach was to advocate the improvement of performance and productivity through the use of effective management. In this approach, the primary focus was to use the principles of management such as a clear division of labour, a fixed hierarchy of authority, established performance standard, reward, assessment, explicit rules and regulation for employee’s behaviour to improve performance and productivity. Such an approach also has its shortcoming. It was strongly criticised as being more appropriate for the past when organisations were in a relatively stable and predictable environment. It is therefore not applicable for the present, where organisations are more complex and the environments more turbulent.

Then came the 1930s and 1940s where further developments and improvement to the performance appraisal system were made with the emergence of the human relation's school of management. The human relation's school of management approach contributed to the emphasis on the social aspect of work and the inhibiting effects of formal authority as a means of increasing both morale and productivity (Mayo, 1945). It still has a profound influence on the development of appraisal systems today for many organisations to consider seriously helping to achieve individual and organisational effectiveness and efficiency (Lansbury and Quince, 1988).

To summarise, appraisal were historically derived from the scientific, classical and the human relations management approaches. All three have its pros and cons and seems to complement each other. While the scientific management approach was concerned with organisation functions to increase performance and productivity, the classical in the total organisations, and the human relation's school of management theory on the social aspects of work. Of course, there are other recent development and approaches, which will be discussed later in this article.

THE PERFORMANCE APPRAISAL

This section attempts to discuss the subject of performance appraisal in organisation. The researcher has chosen to look at appraisal in four different parts. In the first, it examines why appraisal is important and its uses and in the second, the types of appraisal used in organisation. Thirdly, the kind of problems that are faced by organisation with performance appraisal and lastly, recent development and approaches in organisations.

Performance appraisal has evolved over the years and in so doing there have been many changes since its development many years ago. For example, today, there is a growing popularity of modern organisations using 360-degree appraisal. But it remains a mystery whether the practices in the hotel industry are still very traditional or have they moved on into the fore. Similarly, is appraisal an effective and efficient management tool for improving individual and organisation performance? These reviews will help to provide an understanding of the study during the data analysis and interpretation stage.

Appraising performance is the act of observing and evaluating an employee's work behaviour and accomplishments, with the purpose of measuring real performance against expected performance (Levinson, 1976). Such analysis aids in controlling, motivating, developing and decision-making. With such benefits, organisations can control marginal performance, reduce losses from ineffective performance and make more efficient use of

personnel. Individual, at the same time can realise rewards for effective performance and have a clear understanding of their career development.

On the other hand, from the employees' standpoint, "Getting the best out of its employees" is a crude expression of management's key target. Hence, appraisal may be used as a decision making tool for counselling, disciplinary action, termination or retrenchment. However, on the positive side, performance feedback could generate positive motivation for employees to work more effectively and efficiently. Inevitably, appraisal become necessary, as management needs to make assessments of their subordinates' work.

In the absence of appraisal, decision make may be based on subjective judgement and therefore would be perceived as unfair and not equitable. To summarise, performance appraisal is a continuous process of assessment on how well employees are performing on their jobs in relations to established standards and the communication of that assessment to employees (Fournies, 1987). To a large extent, performance appraisal impact on the employees' needs for security, belonging, self-esteem, self-actualisation, motivation and performance. For the organisations, it helps them achieve its mission and objectives by getting the best out of people, reward and retaining the best people on the job.

Theoretically, the employee is engaged to work for the manager who in turn is responsible for meeting the company objectives (Quality Digest, 1994). This gives the employees direction and incentive and the manager a means of judging the employee's contribution. At the end of the year, the manager and employee discuss the area where the employee has met, exceeded or fallen short of expectations. The completed document would be forwarded to the management for decision on matters such as salary increment, promotion, bonus, etc or into the employee's file for record. However, what are the reasons companies conduct appraisals? Basically, there are seven reasons why companies conduct performance appraisal (See Table 2).

Table 2: Reasons for Conducting Appraisal

S/N	Area	Percentage
1.	To review past performance	98%
2.	To assess training and development needs	97%
3.	To improve current practice	97%
4.	To set performance objectives	81%
5.	To assist career planning decisions	75%
6.	To assess future potential or promotability	71%
7.	To assess pay increases or new salary levels	40%

Source: Randell et al (1984)

In a studies conducted by Alan and Kenneth (1988), the top five major uses of performance appraisal are compensation, performance improvement, feedback, placement related decision and documentation (See Table 3).

Table 3: Major uses of Appraisal System

S/N	Area	Percentage
1.	Compensation	74.0%
2.	Performance improvement	48.4%
3.	Feedback	40.4%
4.	Placement related decision	40.1%
5.	Documentation	30.2%

Source: Alan and Kenneth (1988:139)

Work performance is assessed to determine the appropriate “Compensation”, which could be in the form of merit increment, bonus payment, share options, promotion or other performance related benefits (Chua, 2000). While identifying the strength and weaknesses of employees for “Performance Improvement” this can be translated into deficiency training, further development or career advancement to increase the competency and value of the employees. As a communication tool, “Feedback” is aim at fostering better rapport and understanding of the job expectation between the appraiser and the employee under review. While identifying potential individuals can bring to light “Placement Related Decision”. Finally, on “Documentation” as a record of objective evidences for compensation and defence against individual who legally challenge the validity of management decision.

Compensation can come in various forms such as onetime payment, bonus, share options, annual increment, promotion, etc and can vary according to organisations. When compensation is given, it becomes clear that there will be rewards and recognition for the contributions of the employee who performs well. For those who do not perform well, it may be counselling, training, transfers, punishment, retrenchment or termination may be implemented.

The uses of performance appraisal for compensation help organisations to achieve fair, decent and consistent reward outcomes for remuneration justice in organisation (Milkovich and Newman, 1999). It also sends a powerful message to the employees and impact on performances (Lawler and Porter, 1967). In the use of appraisal, compensation is always used as a tool to “control” the performance of an individual to achieve the organisational goals and objectives (Torrington et al 1989). Compensation is given by setting specific goals and targets to be achieved and grading individual performance based on these goals and targets (Herbert, 1991). Consequently, the above-average performers who meet these objectives within set

criteria may be compensated with reward and the below average performers consequential outcomes. However, this application is always perceived as judgmental, punitive and harrowing and often gives rise to unhappiness from employees and union. Hence, care must be taken to ensure that reward and punishment are fairly distributed to those most and less deserving individual based on merit, effort and results. In other words, it must be fair and equitable.

However, in recent years, instead of using appraisal as a control and maintenance tool to improve performance, the shift is towards using it for motivation and development purposes. This helps the organisation identify the employee's performance gap in training and development purposes. Data collected is used in a variety of manpower resource purposes and decision-making in growth potential and development possibilities. For example, it assesses an individual's future potential such as intellectual, emotional, motivational and other work related characteristics to predict a worker future performance.

Performance improvement can also be used at the same time for "feedback" to identify the things that an employee is already doing well and the things that he/she needs to do better (Festinger, 1954). It is like the sport coach who tells the player where and how to improve their game. In a nutshell, appraisal is a communication tool between the employees and management of how well he/she is performing. The aim of using appraisal in this process is therefore to provide that "feedback" to help the employees and not to punish or demoralise them.

One more important use of appraisal is "documentation". Critically, there is always a need for adequate background documentation for appraisal discussion and outcomes (Denis, 1973). Although the success of appraisal lies not in the paperwork, record of the appraisal provide a clear picture of the main objectives and action points agreed upon at the next review. Documentation in appraisal provides a record of objective evidences for reward such as wage increment, bonus, promotion, etc. On the other extreme, proper documentation can also act as a defence tool against individual who legally challenge the validity of management decision to reward and punish.

On the whole, the uses of appraisal suggested that it can leads to increased control, development and possible motivation of labour and resources to increase performance, productivity and efficiency. Of course, there are many more uses of appraisal not mentioned in this review; however it does not mean that those not mentioned in this review are not important. The problem lies in the extensive coverage on the uses of performance appraisal that is beyond the scope of this dissertation. Therefore, the review is limited to the top five major uses mentioned in the survey conducted by Alan and Kenneth (1988).

PROBLEMS WITH EXISTING PERFORMANCE APPRAISAL TOOLS

Theoretically, performance appraisal gives the employee direction, incentive and gives the manager a means of judging the employee's contribution (Sisson, 1994). They also focus on the actual work the employee is responsible for and the way the employee works. At the end of the year, the manager and employee discuss reasons as to why the employee has met, exceeded or fallen short of expectations. The manager then writes an evaluation. The employee signs this evaluation and has the opportunity to submit a rebuttal. The document then goes into the employee's file and "theoretically" plays a major role in salary increment and promotions.

However, like most system, there are many things that can be inherently wrong with the performance appraisal exercise (Campbell and Garfinkel, 1996). For example, people will always form judgements about their abilities, performance and that of their colleagues, which can be highly subjective and impressionistic (Herbert, 1991). What it means here is that "what is deemed as excellent work in one unit may be unacceptable in another in the same organisation".

In the work of Daschler and Ninemeier (1985), it was cited that performance appraisal does have a number of common problems (See Table 4).

Table 4: Common Problems with Performance Appraisal

S/N	Area
1.	Use of incorrect procedures
2.	Use of ineffective forms
3.	Lack of performance appraisal exercise review
4.	Inadequate management ability to conduct performance appraisal
5.	Use of complicated performance appraisal system
6.	Irregular and/or infrequent appraisal exercise
7.	Fear of offending employees
8.	Comparisons of employees
9.	Failure to use performance appraisal exercise information
10.	Failure to follow-up on performance appraisal exercise reviews
11.	Overemphasis on errors
12.	Concerns about fairness

Source: Daschler and Ninemeier, (1985)

The use of incorrect procedures; in some operations there are few, if any, organised procedures for conducting performance appraisal. As such, sometimes appraisal may be used

only as a form of disciplinary action and not as an opportunity to gain the benefits from this appraisal exercise (Daschler and Ninemeier, 1985)

The use of ineffective forms; when appraisal forms do not recap factors that relate to job performance and instead focus on popularity or personality traits, the appraisal forms would therefore cause problems for the process. For example, “Traits” describe a person's characteristics and approaches to work. They represent what somebody puts into the job and do not necessarily predict or reflect the outcome or results of a person's work. Its measurements are inherently subjective and require judgement on the part of the appraiser (Dessler, 1994).

As such, any performance appraisal utilising judgement criteria of this nature will generate markedly different results between different appraisers.

The lack of performance appraisal exercise reviews. Some hotel operations conduct no reviews at all. When there are important operating systems employee's decisions that are made without information can be gained from appraisal and that is bound to result in problem.

The lack of Abilities

In performance rating, Oberge (1972) found that the standards and rating of employee tends to vary widely and often unfairly due to managers' or appraisers' high tendency to give middle range scores resulting in both high and low performers not being recognised and managed (rewarded or punished) accordingly. As a result, the performance appraisal becomes a meaningless form-filling exercise without equity, validity and reliability (See Table 5).

Table 5: Problems Associated with Performance Rating

S/N	Area
1.	Standards and ratings tend to vary widely and often unfairly
2.	Personal values and bias can replace organisational standards
3.	Lack of commitment by supervisors to giving below-average rating

Source: Oberge (1972)

The use of complicated performance appraisal systems; when procedures and/or forms are too complicated, difficulties arise. Some evaluators may not know how to complete the appraisal forms. In addition, others may not know how to use information gained from appraisal to plan improvements with the employee.

Irregular and/or infrequent appraisal exercise; when appraisals are held irregularly and/or infrequently, benefits to be gained from a continuous appraisal process are lost. Employees need or want continuous feedback and supervisor/manager should provide that feedback on how employees can improve job performance.

Fear of offending employees; some appraisers may be afraid of offending employees by telling the truth during the performance appraisal sessions. This is unfortunate because supervisors/managers have a responsibility to be honest and to provide employees with the help they need to become better employees.

Comparison of employees; some appraisers have a tendency to compare one employee's performance with that of another. (Several of the performance appraisal methods previously noted required that this be done.) While this approach can sometimes be helpful, the most effective comparison is between what the employee is expected to do and how the employee performed on the job.

Failure to use performance appraisal information; in some hotel operations, performance appraisal procedures may be instituted and forms may be completed, but nothing else is done. Some appraisers may complete performance appraisal form without consulting the employee. However, neither of these approaches is acceptable.

Failure to follow-up on performance appraisal exercise reviews; to be effective, information gathered from the performance appraisal must be put to use. Appraisal exercise should not be conducted and shelved away until the next review.

However according to Torrington, et al (1989), it is often one of the potential problems committed by the appraiser (See Table 6).

Table 6: Problems Associated with Appraisal

S/N	Area
1.	Paperwork
2.	Formality
3.	Outcomes are ignored
4.	Performances measured are subjective

Source: Torrington et al (1989)

Appraisal is a continuous process. It is a process that requires continuous follow-up supervision, coaching and counselling in-between the performance appraisal exercise so as to keep the employees on track of improving job performance. Failing which it would have lost its purpose and objective of using it as a management tool to improve an employee and organisation performance and productivity.

Over-emphasis on errors; some appraisers become so concerned that an error may occur in the appraisal process that they fail to implement a performance appraisal programme, or they develop so many safeguard procedures that the process becomes unmanageable.

Appraisal should acknowledge that errors would exist as differences in judgements about employees and other problems will always be around (Scarpello and Ledvinka, 1988). It is therefore important also to consider the design of procedures that are reasonably free from human errors.

Concern about fairness; an effective manager tries to be fair and just in all interactions with employees, including performance appraisal. However, some appraisers may be concerned that negative information resulting from the appraisal will become part of the employee's permanent personnel record. This data could affect the employee's future and career development even after problems have been resolved.

Of course, one way to overcome this problem would be by maintaining the negative information in a separate file for planning and implementing performance improvement programmes. However, this is not generally done. On the other hand, if appraisal has been objectively conducted in a fair and equity manner this would never be a concern or issue of contention.

Having said this, the list of problems mentioned so far is not exhaustive. Performance appraisal is a total process involving people, system, process and data. It is designed to achieve an effective and efficient management. Although there is no magic formula or at best system that work for everyone, much hard and imaginative work has gone into developing and refining it. It seems that the crucial aspect of these problems and source of most failures arise out from the managers or appraisers. It should be noted that no two human are made the same. There will always be problem as to what is good in the eyes of one may not be so in the others. Critically, one might then argue that these problems are deficiencies of managers or the appraisers and not of the system. But even if this is true, managers or the appraisers are also part of the performance appraisal system. On this note, whether appraisal serves its role and functions well

depends very much on users' ability to reduce or minimise these problems as there is substantial evidence to indicate how useful and effective performance appraisal is in improving performance and productivity.

RECENT PERFORMANCE APPRAISAL DEVELOPMENTS AND APPROACHES

Many people are dissatisfied with traditional forms of appraising performance. There is also growing realisation that each individual has to take greater responsibility for his/her own performance, performance improvement and personal development. This means that the traditional one-way approaches to appraisal will be increasingly inappropriate for the future.

Traditionally, the annual appraisal has also been an occasion for management to assess and feedback to an individual the management view of his/her performance over the previous period. A claim frequently heard is that many individual appraisers are biased, often unprepared and insufficiently skilled to meet the demands of giving feedback via an appraisal.

However, whether these drawbacks are real or potential problems, there is no short cut or perfect system that satisfies everyone. No matter how good a system is, there will always be problems because of human intervention and judgement. Maybe it is a blessing in disguise that people are never satisfied with what they have and are constantly searching for an improved model.

In recent years, there are trends to indicate that appraisal systems are made more systematic and designed to use in many more areas. With the emergence of 360-degree appraisal, companies are also re-examining their appraisal systems and are moving away from the traditional control and maintenance approach, to one that is both development and motivational to improve the present and future performance of human capital. Some of the trends or recent development and approaches in performance appraisal are shown at Table 7.

Table 7: Recent Development and Approaches in Performance Appraisal

S/N	Area
1.	Focus the appraisal on development rather than control;
2.	Use open consensus based approaches
3.	Assess performance against behavioural standards and competencies
4.	Draw performance feedback from colleagues and subordinates
5.	Relate the appraisal results to performance related pay schemes
6.	Minimise paperwork while increasing ownership of the process
7.	Focus the process on peoples' potential rather than skills deficits

Source: www.performance-appraisal.com

Performance appraisal systems today have evolved and shifted from the traditional control and maintenance approach towards an approach more concerned with motivational and developmental issues. Its primary focus is to link corporate strategic objectives with employee's personal aspirations and developmental needs to continually review, develop and improve the employees' performance and potential. However, there are still some organisations that prefer to stick to the past. "Change" is pain; it requires new mindset and any changes would require one to unlearn and relearn. This means that the shift in approach would also require managers to re-appraise their role, attitude, style and developmental skills to inculcate a motivational and developmental culture. Otherwise failure may be inevitable due to lack of management support.

Besides the approach, the performance appraisal procedure as a whole has also become much more 'open' which is a key principle of performance review and development systems. Individual employees at all levels were increasingly asked to participate in the appraisal exercise. Initially, this involved giving the individual an opportunity to answer back at the end of or during an appraisal exercise.

By the same token, the use of traits and non-performance related measures in performance appraisal interviews are also being replaced. Today, modern organisation uses measures such as behavioural standards and competence definitions to provide expected and actual performance improvement. With this establishment, new and more objective performance appraisal standards, performance related pay schemes are also being increasingly linked to the performance appraisal process. The idea being that through reward employees will be motivated and responsible to develop themselves and thereby enhance their performance and productivity (Blanchard, 1994). But, the feasibility of using performance related pay would vary from one organisation to the other. On this aspect, it is also important to note that performance review and development systems are often separately conducted from performance related pay. Nevertheless, development also brings along with it its own personal reward when opportunity presents itself.

In terms of soliciting feedback from colleagues and subordinates as part of the performance appraisal feedback exercise, the early appraisal only relies on information and assessment from the individual and just one appraiser. With the emergence of 360-degree appraisal this vital information help in revealing the source to performance problems. The shift to this recent development helps people to understand how others perceive them and act as a driver for improved performance (Bernard and David, 2000). For example, in identifying an individual development needs, 360-degree provides an opportunity for an individual to get feedback from a wider range of people. With so much in store, it is believed that in the not too distant future, the number of organisations using 360-degree appraisal will steadily increase over the years.

When it comes to performance appraisal forms and paperwork, studies have revealed that some organisations have discard performance appraisal forms with a mere record sheet to record the performance appraisal date and participants under review (Fitzgerald, 1995). In this way the performance appraisal process is seen as a key opportunity for manager and employee to work together on achieving organisational and departmental results to mutual benefit. Critically, this may be the trend for feasibility implementation in the knowledge-based economy with the new generation employees.

However, arising from list of recent development and approaches, perhaps the most potential development and approaches would be the shift towards developing potential or correcting deficiencies of employees through the use of the deficit model. In this new development, it looks for ways in which the employee can progress to learn new skills so as to enhance their contribution to the organisation. It is aim at improving the quality and productivity of people, process, procedure and production. However, as much as what performance appraisal can do for an organisation, this is a new development and approaches that perhaps organisation can consider for improving an individual and organisation efficiency and effectiveness further.

CONCLUSION

This article has attempted to consider the history, development, its importance, uses, types, problems, recent development and approaches to performance appraisal. Organisations need continuous performance improvement to survive and prosper in today's highly competitive global market. Individual and organisational performance improvements are vital in gaining competitive advantage. With the advent of rapid changes, tighter budgets, downsizing, restructuring and pressures for greater employee accountability, greater emphasis is now being placed on individual and organisational performance to meet its objectives and strategies. The use of performance appraisal to reward those who meet the performance requirements are also signalling the type of employees behaviour and organisational culture demanded by the organisation's strategic business objectives (The Straits Time, 2000:28).

Although appraisal may not be the only solutions to improving organisation performance and productivity, its uses and benefits are immeasurable. Appraisal, it seems is inevitable and indispensable even in today's context.

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