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Impact of Performance Appraisal System on Human Resource Development: A Brief Case Study in Bharat Sanchar Nigam Limited, Patna

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Abstract:

In today's competitive world the success of an organisation depend upon its human resource. Human resource create competitive advantage for organisation therefore, organisational performance depends to a large extent on the performance of its employees. It is through people that goals are set and objectives realized. Hence, every employee needs to be competent, that is to have adequate knowledge, requisite skills and right attitude which must be evaluated and developed at a regular interval as a part of organisational practices. Performance appraisal is an instrument which serves both the goals firstly, it gathers systematic and reliable information about an employee's work by means of formal and standardized system and secondly, it helps in designing the suitable training and development programmes. Present study sought to review the impact of Performance Appraisal System of Bharat Sanchar Nigam Limited (BSNL) on the development of its human resource. The heterogeneous population was stratified and the simple random sampling method was used to select respondents in each stratum. Microsoft office excel was used to manage the data that was gathered from the field. It was evident that most of the respondents were not happy with the way appraisals were carried out at BSNL. majority of respondent reported that performance appraisal reports were usually needed at the time of promotion, transfer or pay increment etc., rather than designing a development programme. Thus, management should review the existing appraisal system in order to develop its human resource as well as appraisal data should also be used for designing training and development programmes, providing counselling to poor performer, and increasing productivity etc.

Keywords: Appraisal, Human resource development, Performance, Training.

1. Introduction

The term performance appraisal consists of two words viz. 'performance' and 'appraisal'. Performance means what is expected to be delivered could be stated in terms of output, result, efforts, tasks, and quality, time, focus and cost dimensions. Appraisal means the evaluation of worth, quality or merit. Thus, Performance Appraisal is the method of measuring employee performance on the job, his relative abilities and skills to enable him to take up higher job responsibilities. So, one of the cardinal objectives of performance appraisal system is the development of human resource. Performance appraisal provides tools for acknowledge the good performance, identify areas that need improvements and provide documentation to justify various management decisions regarding employee's promotion, transfer, pay hike etc. On the other hand, Human Resource Development (HRD) is a process by which the employees of an organization are helped, in a continuous, planned way, to acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, to develop their general capabilities as individuals and discover and exploit their potentials for their own and/or organizational development purposes, and to develop an organizational culture in which supervisor-subordinate relationships, teamwork, and collaboration among sub-units are strong and contribute to the professional well-being, motivation, and pride of employees (Rao 1985).

After analyzing the performance appraisal and human resource development we can simply state that, the major purpose behind these practices are sustainable development of human resource through enhancing their learning capacity, human potentials and high-performance in work related system. Performance appraisal is consisting of a framework of planned goals, standards and competence requirements and it plays an important role in integrating the individual's needs with the organizational needs (Armstrong, M: 1991). Performance appraisal is an indispensable aspect of HRD for analysing and appraising the performance of the employees. It is a process which enables the management to know where the employees stand, what could be expected from them and what they are contributing towards the achievement of organizational goals. The purpose for designing the mechanism of performance appraisal is to portray the actual position of the past and/or future employee's performance. This aspect is of paramount importance because employees expect certain feedback from their superiors regarding their work and performance, and by doing so the management is able to motivate their workforce to put in great efforts in future for improving their performance in order to clutch more appreciation for their work (Tripathi: 1997).

Performance appraisal system, particularly at middle and higher level of management play a crucial role in the development of people. Through, an effective appraisal system, an organisation is able to develop a core of highly qualified and skilful manpower to meet its technological and developmental needs. Performance appraisal is the process of helping people to acquire competencies by identifying developmental needs of individual employee. If people are attended properly by recognising their talent, developing their capabilities and potentials, organisations are likely to be dynamic and grow fast. For a developing organisation like Bharat Sanchar Nigam Limited, the need for retaining and developing a pool of competent workforce is become necessary.

Since, the human resource is the most valuable asset for the organisation; their development is certainly an issue of concern for the management of Bharat Sanchar Nigam Limited. The development of human resource carries a potential for the future and growth of the organization. Such a growth largely depends upon the attitude of the management and the employees towards the effective implementation of appraisal process, which will help the management to identify the strengths and weaknesses of each and every employee. Hence, it is imperative for the growing organisations like Bharat Sanchar Nigam Limited (BSNL) to evaluate the performance of its employees on continuous basis in order to ascertain the gap between current level of performance and desired level of performance, and accordingly develop their competencies to meet the future needs and challenges.

2. Statement of the Problem

Performance appraisal is a process that involves determining and communicating to an employee, how he is performing the job and ideally establishing a plan of improvement. The evaluative purpose has a historical dimension and is concerned primarily with looking back at how employees have actually performed over the given time period and then compared with the required standards of performance. The developmental purpose is concerned with the identification of employee's training and development needs. Developmental perspective of Performance appraisal emphasises on individual development.

Today's performance appraisal not only helps in implementing the management policies but also contribute in developing employee potentials to enable the management to achieve its goals. Now, it is used for evaluating the performance of all the human resources working at all levels of the organization including the technical, professional, and managerial staff. The executives need to equip themselves with the knowledge of existing performance appraisal system. Performance Appraisal as a subsystem of Human Resource Development is quite effective tool to enable the employees to understand their strengths and weaknesses and to develop their potentials based on their strengths and improve their skills by improving their weaknesses. Considering this fact, the impact of performance appraisal on human resource development is significant. So, the present study is conducted to know the impact of performance appraisal system of Bharat Sanchar Nigam Limited on their staff development.

3. Objectives of the Study

The main objectives of the study are as follow;

- i. To investigate the impact of performance appraisal system of BSNL on its human resource development.
- ii. To study the impact of performance appraisal on efficiency and productivity of the organization.
- iii. To know the frequency of appraisal process and its efficiency in identifying employee developmental needs.
- iv. To determine the level of employee's satisfaction with the existing performance appraisal system.

4. Significance of the Study

Present study is proved to be very useful not only for the target organisation but also for the employees in order to changing their perception regarding the performance appraisal programme from the practices of just an annual ritual or a punitive exercise to a development opportunity. The study is of great significance to the organizations as they will get an insight to develop future executives on the basis of the strengths of their executives extracted through performance appraisal and conduct a gap analysis as well to design their training programs to remove their weaknesses. Further, they can modify the existing policies and formulate new ones on the basis of the findings of the study. The study is also useful to the researchers for developing their hypothesis and to use it to corroborate its results with their research.

5. Limitations

Limited time and resource are the major constraint but apart from this, as the study is limited to public sector organizations; its results can be generalized to other organizations to a limited extent only due to different policies, cultures and practices followed by these organizations. Some of the respondent were afraid to respond on the questions related to performance appraisal issues and its role in their development. Although, all attempts were made to make this an objective study, biases on the part of respondent might have resulted in some subjectivity.

6. Literature Review

History reveals that the performance appraisal was in practice as early as 3rd century AD. When a Chinese philosopher criticized a biased imperial rate of the Wei Dynasty, who rated men on the basis of his likes and dislikes rather than their merits (Pattern: 1997). Further, systematic performance appraisal was first used in American Army after the First World War when 'man to man rating' was introduced in place of the old appraisal system (Bellows and Estep, 1954).

Many organizations in India are also using performance appraisal for developing their human resource. Studies undertaken in the past reveal that Sundram Fasteners Ltd. (SFL) is using development-oriented performance appraisal system (Usha Krishnan: 1986) and TVS Iyengar & Sons is also using performance appraisal as a part of their HRD program (Sundram: 1986). On the basis of his analysis

of 14 major organizations, Rao (1992) mentioned that performance appraisal was considered as a potential instrument to bring about change in organizational culture and utilization of people. Dayal (1976) in his study on "Cultural Factors in Designing Performance Appraisal System" described the theoretical aspects of Performance Appraisal System as a device in certain cultural contexts. Hence developing an effective performance appraisal system requires that the peculiar cultural aspects needed to be considered. Similarly, in the third IPM survey of 306 companies in England, it was found that result-oriented appraisals were most widely used (Long: 1986)

Gordon, L. Simpson (2004), in his article "Performance Appraisal- an Important Managerial Responsibility" has stated that performance appraisal should be viewed as a beneficial process in human resource development. He opined that Performance Appraisal should be accepted as a normal management responsibility to review the performance of all employees and discuss its results with them regularly. The author explained that the key elements of an effective performance appraisal system are like, clearly defined performance standards, an effective monitoring system, regular feedback, and development of appropriate action plans as a consequences of the appraisal etc., help employees to ensure, accept and yield more desired benefits. According to Stephan and Dorfman (1989) outcomes of effective performance appraisal are improvement in the accuracy of employee performance and establishing relationship between performance on tasks and a clear potential for reward. Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988).

Omen Bin Sayeed and P.V. Bhide (2003) have stated in their work "Performance Appraisal Effectiveness: An Empirical Assessment" that the effectiveness of performance appraisal system if established, is more likely to indicate development of employees, team orientation and attainment of defined goals and objectives at the group level and also shows that the post appraisal effectiveness survey clearly pointed out acceptability of performance appraisal system design and its process and indicated greater satisfaction of managers and employees with design and implementation of the programme. The aim of employee development is to update, revise or improve knowledge, skills and ability in order to improve performance or to meet any changes in direction of a position in an organisation (Horner, 1992). According to the Cuthbert, Duffield and Hope, 1992, performance appraisal provides an opportunity to develop and acquire new skill and consolidates existing knowledge or skill. The focus of employee development is to enhance employee's competencies and performance as well as to enable employee to take new roles. Apart from this, employee development encourage employee to be innovative and adaptable, which leads to job satisfaction and a stable workforce. It is argued that employers should work collaboratively with employee to identify developmental needs and then plan employee development activity which meets these needs, (Ellis and Hartley, 1995). Management must facilitate the growth and development of employees by providing equitable access to employee development and supporting employee who undertake additional methods of professional development. When employee's performance reviews fail to give adequate attention to their development and performance improvement, the employee being evaluated feel demotivated and a performance improvement opportunity is lost (Longenecker, 1997).

Fair performance evaluations and frequent performance feedback constitute an important predictor of job satisfaction at the workplace and contribute significantly to personal growth. (Pilbeam and Corbridge, 2006). Beardwell and Holden (1998) note that today's organisations, must emphasize the characteristics of quality and continuous improvement, flexibility and adaptability in order to survive and be effective.

It was concluded that a performance appraisal system will not be effective unless it is perceived to be fair and development oriented by all those involved in the process. It is therefore, imperative for every organisation to ensure that appraisers and appraises agree on realistic targets. Furthermore, the criteria of reviewing performance must be based on employee's actual performance as well as performance feedback should be such that reveal the strengths and weaknesses of employees' current performance in order to design suitable training programme for their development.

7. Research Methodology

To achieve the research objectives, information was collected by using questionnaires. In general, a 5-point scale was used in the questionnaires but certain general questions were also included. The questionnaire was administered aimed at soliciting their views on various factors like perception about the basis of Performance Appraisal System, effects of Performance Appraisal System on HRD etc. The opinions of the executives of the organization were recorded for the purpose of the study. In all 65 respondents were identified and a questionnaire were distributed but however only, 50 responded. Apart from this data, the researcher had many rounds discussions with the Chief Personnel Manager and other dealing with the personnel. Microsoft Excel has been used for analyzing the data.

7.1. Sampling Plan

Sample Size = 50 Employees

Sample Area = Patna, Bihar

7.2. Sources of Data Collection

Primary and secondary sources of data were gathered for the research. In collecting primary data for the study, questionnaire and direct interview methods were employed. The questionnaire was used to ensure that only relevant questions were asked and also to ensure that the questions were properly structured. The secondary sources of information were collected from past research work, books, journals, articles, congregation reports, internet search.

8. Data Presentation, Analysis and Discussion

8.1. Frequency of Conducting Performance Appraisal Programme in the Organization

Performance appraisal is used in most of the organizations for employee development. The opinions of the respondents presented in Table 1 indicate that 37 respondents (74%) were of the view that their organization regularly conduct performance appraisal. Another 9 respondents (18%) stated that the organization “quite often” conducts performance appraisal. Only 3 respondents (6.00 %) stated that the organization “sometimes” uses performance appraisal mechanism. It appears that some of the departments/ employees are not fully aware of performance appraisal system used in their organization.

S. No.	Contents	Nos. of Respondents	% of Respondents
a.	Always	37	74.00
b.	Often	9	18.00
c.	Sometimes	3	6.00
d.	Rarely	1	2.00
e.	Never	0	0
	Total	50	100.0

Table 1: Frequency of conducting Performance Appraisal programme in the organization

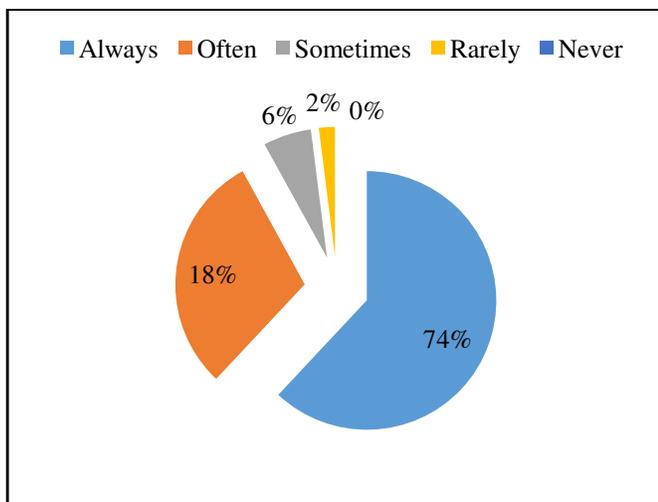


Figure 1: Percentage of Respondents

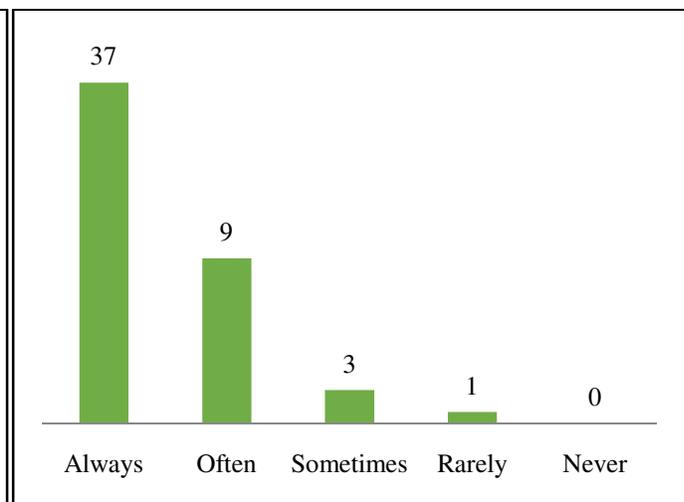


Figure 2: Number of Respondents

8.2. Purpose of conducting Performance Appraisal

It is useful aid to the management in making decisions about promotions, transfers and career planning etc. (Jain, 1988), whereas Rao and Pereira (1986) have mentioned that HRD oriented performance appraisal is used as a mechanism for supervisors to understand the strengths and weaknesses of their subordinates and to make them aware of their positive contribution. But the opinions of the executives of BSNL have shown different views on these aspects. Most of the respondents (58 per cent) opined that performance appraisal reports were widely used in making decisions regarding promotions, transfer, and pay rise only rather than focusing on their career planning. On the other hand, some of the respondent (14 per cent) felt the need of performance appraisal in order to know their strengths and weaknesses. Further, few of the respondents (10 per cent & 8 per cent), however, emphasized on the need of performance appraisal for developing competitive workforce, providing necessary training, and to provide counselling to poor performer respectively.

S. No.	Contents	Nos. of Respondents	% of Respondents
a.	Acknowledge strength and weakness.	7	14.00
b.	To make decisions regarding promotion, transfer, and pay increase.	29	58.00
c.	To develop competitive workforce.	5	10.00
d.	To provide counselling to poor performer.	4	8.00
e.	To provide training.	5	10.00
	Total	50	100.0

Table 2: Purpose of conducting performance appraisal

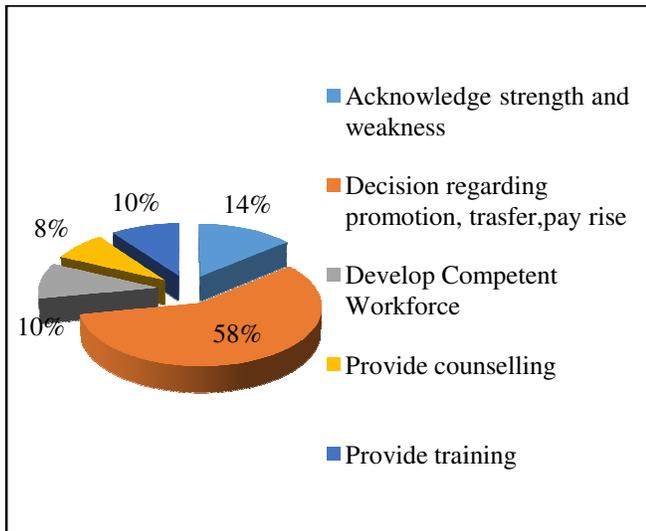


Figure 3: Percentage of Respondents

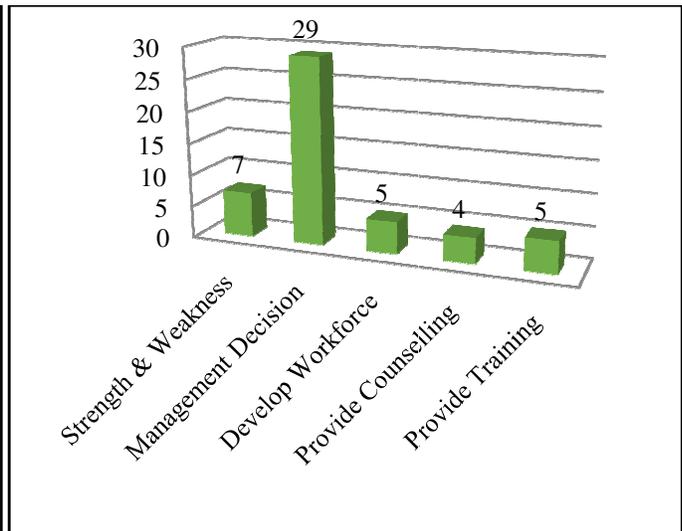


Figure 4: Number of Respondents

8.3. Methods used for conducting Performance Appraisal

Rao (1991) has grouped the techniques of making performance appraisal into three categories including comparative methods – grading, ranking, forced distribution; absolute methods – graphic scales, checklist, BARS, confidential report writing etc., and result-oriented methods like management by objectives etc. The opinions of the executives shown in Table 3 show that a large number of respondents (68 %) have confirmed the use of grading method of performance appraisal in their organization. A study of the survey of literature confirms this view. Some of the respondents (18%) also stated the use of confidential report method while few others listed other methods of appraisal. It can be inferred that grading method is widely used for making performance appraisal but in some of the departments BARS method is also used.

S. No.	Contents	Nos. of Respondents	% of Respondents
a.	Grading Method	34	68.00
b.	Confidential report writing (CR)	9	18.80
c.	Behaviourally anchor rating scale (BARS)	5	10.00
d.	Ranking Method	2	4.00
e.	Other Methods	0	0
	Total	50	100.0

Table 3: Methods used for conducting Performance Appraisal

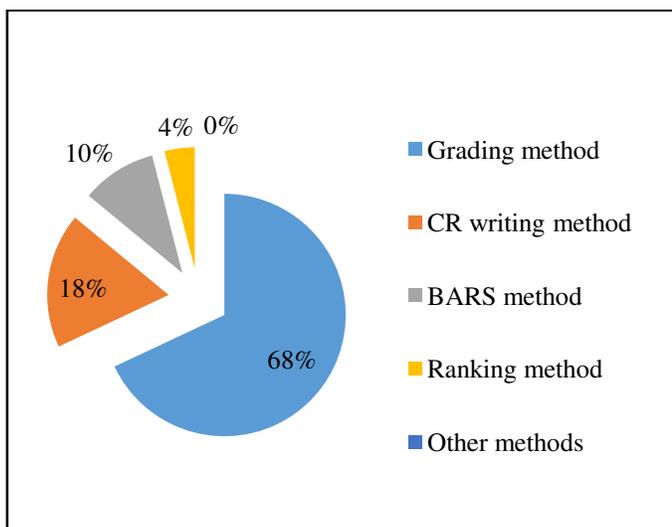


Figure 5: Percentage of Respondents

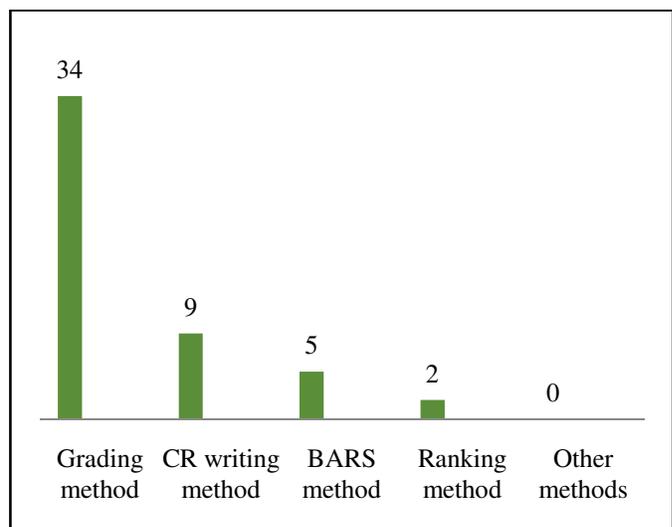


Figure 6: Number of Respondents

8.4. Time Limit for Conducting Performance Appraisal

As regards, the time limits for conducting performance appraisal, the opinions of the respondents, as shown in Table 4, were divided. 58 per cent of the respondents opined that the performances of the employees in their respective departments were appraised annually. Some of them (20.00 per cent) felt that performance appraisal was conducted half-yearly. It appears that, for different departments different time periods are set in order to conduct performance appraisal. But, in general performance evaluation is conducted annually.

S. No.	Contents	Nos. of Respondents	% of Respondents
a.	Fortnightly	0	0
b.	Monthly	3	6.00
c.	Quarterly	8	16.00
d.	Half-yearly	10	20.00
e.	Annually	29	58.00
	Total	50	100.0

Table 4: Time Limit for conducting Performance Appraisal

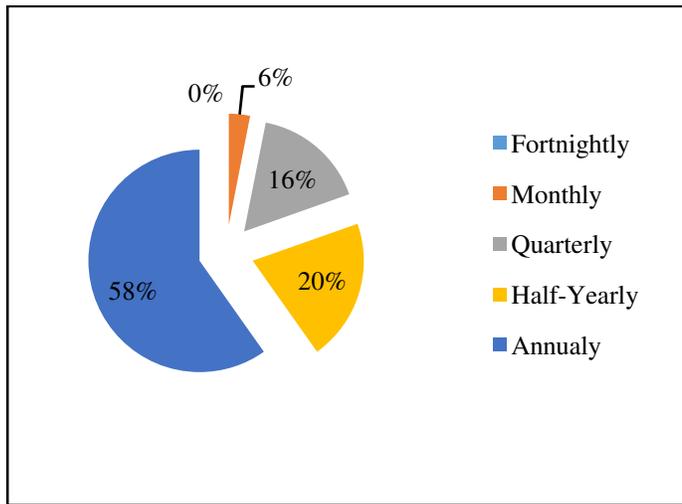


Figure 7: Percentage of Respondents

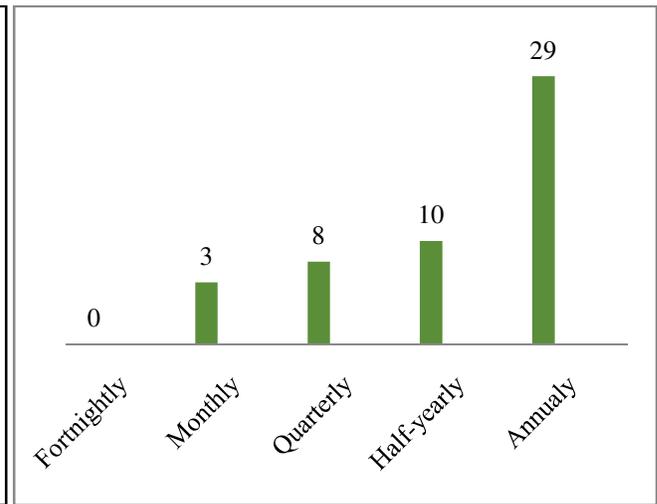


Figure 8: Number of Respondents

8.5. Role of Performance Appraisal

The opinions of the respondents were sought on the role of performance appraisal in employee’s development, developing inter-personal relations, identifying training needs and increasing employee motivation. The data presented in Table 5 clearly indicates the opinions of the respondents on these aspects.

Contents	A Employee Development		B Employee Satisfaction		C Identifying Training Needs		D Employee Motivation	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
Strongly Agree	8	16.00	10	20.00	11	22.00	9	18.00
Agree	10	20.00	9	18.00	7	14.00	8	16.00
Neutral	2	4.00	5	10.00	3	6.00	4	8.00
Disagree	13	26.00	11	22.00	12	24.00	15	30.00
Strongly Disagree	17	34.00	15	30.00	17	34.00	14	28.00
Total	50	100	50	100	50	100	50	100

Table 5: Role of Performance Appraisal

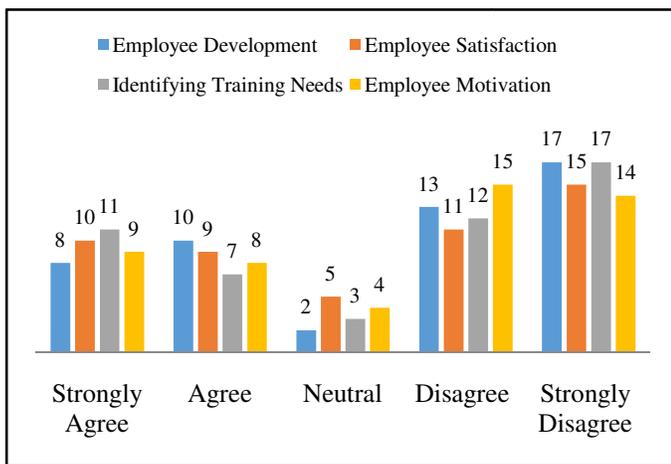


Figure 9: Number of Respondents

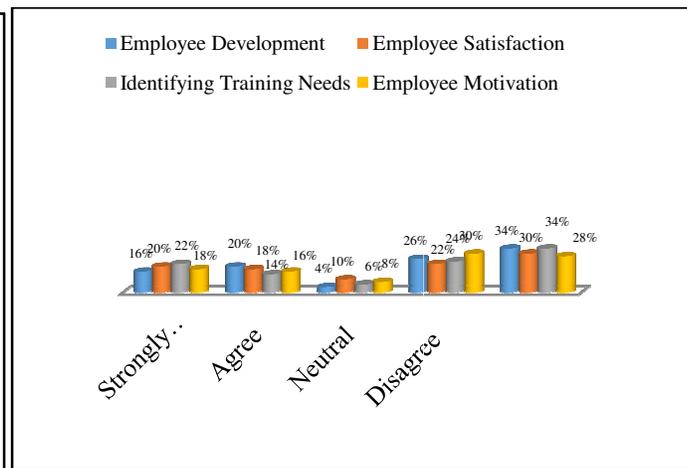


Figure 10: Percentage of Respondents

8.5.1. Employee Development

Performance Appraisal plays a very important role in employee development. The potentials of the employees are extracted through their appraisals and on the basis of that, required competencies will be developed for their future growth. The opinions of the respondents presented in Table -5 (A) indicate that most of the respondents (60 per cent) either “disagreed” or “strongly disagreed” on the role of performance appraisal in employee development. Some of the respondents (36.00 per cent) “partially agreed” on this aspect. It can be inferred that performance appraisal system of BSNL does not shows a positive role in employee development.

8.5.2. Increasing Employee Satisfaction

The opinions of the respondents shown in Table 5 (B) indicate that 52.00 per cent of the respondents either “disagreed” or “strongly disagreed” on the role of performance appraisal in increasing satisfaction level. Only a few respondents (38 per cent) expressed their agreement as shown in first two rows of the Table 5 (B). It can be observed that performance appraisal does not play a significant role in increasing satisfaction level of employee as the performance of the employees is not discussed by their superiors.

8.5.3. Identifying Training Needs

On identification of training needs, the respondents were asked whether performance appraisal offered them opportunity for their training and development needs as is evident from the opinions of the respondents given in Table 5 (C). Almost majority of the respondents (58.00 per cent) either “disagreed” or “strongly disagreed” on the view that performance appraisal helps in identifying training needs. Only 36.00 per cent said that their training and development needs were identified but they were never met. Thus, Longnecker (1997) confirms that when employees’ review fails to give adequate attention to employees’ development, the employee being evaluated generally feels short-changed and a performance improvement opportunity is lost.

8.5.4. Increasing Employee Motivation

In most of the organizations performance appraisal is the key to decide various management decisions such as promotion, pay increase etc., and therefore, is a strong mechanism for increasing employee motivation. But at the target organisation a large number of respondents (58.00 per cent), as mentioned in Table 5(D), either “disagreed” or “strongly disagreed” on this aspect, while only 8.00 per cent “partially agreed” to it. It can be inferred that in the opinions of many respondents, it is not the only device to motivate the employees.

8.6. Impact of Performance Appraisal on Improving Individual Efficiency, Organisational Efficiency and Productivity

The impact of performance appraisal on improving efficiency and productivity has been studied on the basis of opinions of the respondents only and are presented in Table 6.

Contents	A Increasing individual efficiency		B Increasing organisational efficiency		C Increasing productivity	
	Nos.	%	Nos.	%	Nos.	%
Very High	5	10.00	8	16.00	4	8.00
High	8	16.00	6	12.00	7	14.00
Moderate	9	18.00	9	18.00	8	16.00
Low	11	22.00	15	30.00	13	26.00
Very Low	17	34.00	12	24.00	18	36.00
Total	50	100	50	100	50	100

Table 6: Impact of Performance Appraisal

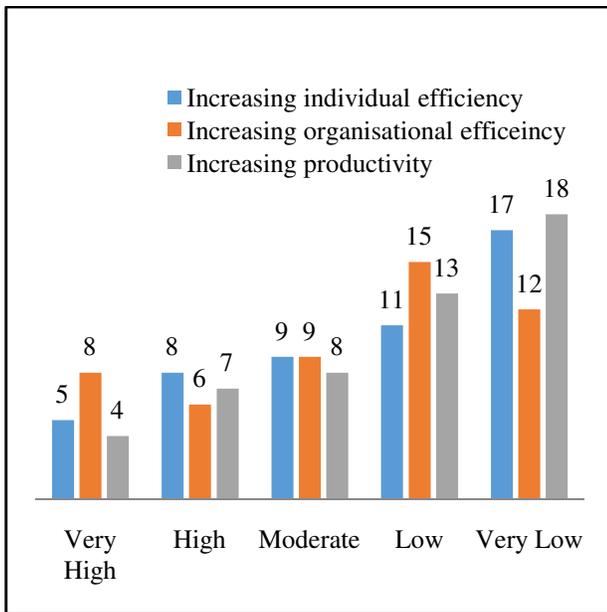


Figure 11: Number of Respondents

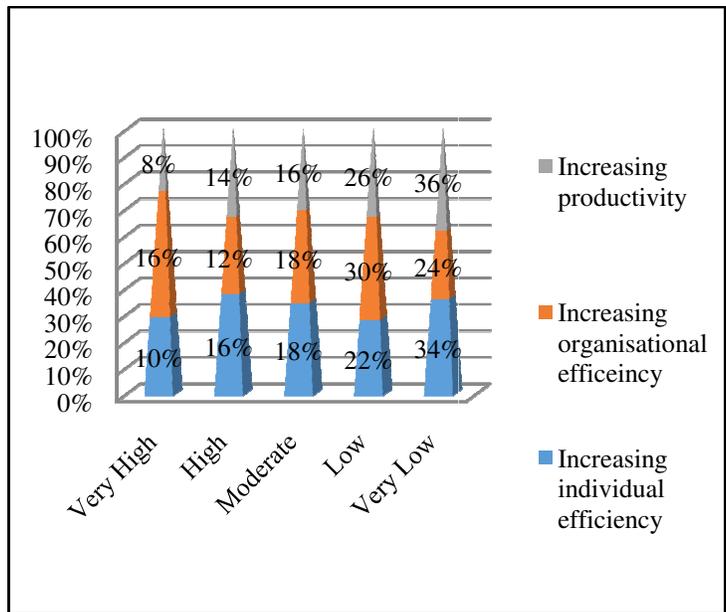


Figure 12: Percentage of Respondents

8.6.1. Individual Efficiency

Performance appraisal has direct linkage with individual efficiency as it helps to improve their performance by removing their weaknesses and utilizing their strengths. But, majority of the respondents as presented in Table 6 (A), (34.00 and 22.00 per cent) have visualized “very low” and “low” impact of performance appraisal on increasing individual efficiency respectively. Another 18.00 per cent felt that it is likely to have “moderate” impact on individual efficiency. On the whole, moderate to very low impact is apparent on increasing individual efficiency on account of performance appraisal.

8.6.2. Organizational Efficiency

Organizational efficiency can be considered to be linked to performance appraisal to some extent. From the opinions of the respondents shown in Table 6 (B), from the response of majority of the respondent (30 per cent) it can be inferred that performance appraisal has “low” impact on increasing organizational efficiency whereas another 24 percent of respondent rated organisational efficiency as “very low” category. Only 16.00 per cent of the respondents have stated “very high” impact of performance appraisal practices on organisational efficiency. While 18.00 per cent felt “moderate” impact of performance appraisal on increasing organizational efficiency. Hence, it can be stated that performance appraisal may have positive impact on organizational efficiency but it wholly depends upon its execution and willingly participation of appraiser and appraisee and how the different departments exploit the performance appraisal practices as development opportunity.

8.6.3. Employee’s Productivity

The impact of performance appraisal in increasing productivity is highly significant because productivity is a function of employee performance and performance appraisal is a tool to upgrade employee's work efficiency by understanding and removing their weaknesses through proper counselling and training. But in BSNL many respondents (36.00 per cent) stated that performance appraisal has “very low” impact on increasing productivity as shown in Table 6 (C), while some others (26.00 per cent and 16.00 per cent) expressed “low” and “moderate” impact of performance appraisal on increasing productivity due to various reasons. Only 14 per cent of respondents were agreed on performance appraisal system still has high impact on productivity. Therefore, it appears that there is hardly any impact of performance appraisal system of BSNL on increasing its employee's productivity. Some of the departments may give little importance to performance appraisal in order to increase employee's productivity while others consider that there are several other factors that also have an impact on increasing productivity.

9. Major Findings

One of the key findings was that BSNL regularly conduct performance appraisal programme as a part of the human resource development programmes as it is evident from the opinions of the respondents. Majority of respondents around 74.0 per cent stated that the organizations “always” make performance appraisal while 18.00 per cent believed it to be “often” used practice. It appears that, performance appraisal was conducted at regular interval. But some of the respondents were also found totally unaware about the practice of performance appraisal. So, organisation needs to create awareness programme in order to make appraisal practices more effective.

It was also found out from the present study that majority of respondent (58 per cent) felt that the appraisal reports were needed only to justify various management decisions such as staff promotion, transfer, and pay rise etc., whereas some of the respondent (14 per cent) agreed that it was helpful to know strength and weakness. It was also confirming from the study that a very few per cent of respondents were agreed on the role of performance appraisal in employee's development. Only 10 percent of respondents have realized the importance of performance appraisal report in order to get necessary training and development of competitive workforce, in addition to this, very few per cent (8 percent) of respondents agreed on the statement that performance appraisal is helpful in provide necessary counselling to poor performer. So, it was clear that the Performance Appraisal practices used in BSNL was aimed to reach at various management decisions rather than focusing on employee's training and development needs.

In the opinion of most of the respondents around 68 per cent responded that grading method is most widely used method for evaluating employee's performance. Some of the respondents (18 per cent) also stated the use of annual confidential report (ACR), while few others (10 per cent) accepted the use of Behaviourally Anchored Rating Scale (BARS) method. Thus, from the present study, it appears that in some of the departments or for certain categories of jobs BARS method is being applied but in general grading method is used to evaluate performance. But, if the organisation wants to develop its human resource through effective appraisal system, the organisation needs to redesign its appraisal system to make it more effective and thus, there should be a system for self-appraisal or 360-degree appraisal in order to get proper feedback regarding employee's performance from different sources which directly or indirectly help them to know their strength and weaknesses.

Another finding of the study as regards to the time-limit for conducting performance appraisal, it appears that, generally performance appraisal is an annual exercise. But, in some of the departments whenever, the performance need to be reviewed quickly due to technical or production reasons, the appraisal is made on half-yearly or quarterly or monthly basis as well.

Other major findings revealed the role of existing performance appraisal system in the human resource development, it was found that majority of the respondents were not satisfied with the present contribution of appraisal system in the development of employees, only a very few respondents were in the favour of appraisal system. When questions asked about the role of appraisal system in increasing their level of satisfaction, majority (52.00 per cent) of the respondents stated that performance appraisal system has no impact on improving their satisfaction level because performance of employee is not discussed by their supervisor. On identification of training needs, the respondents were asked whether performance appraisal system provide them an opportunity for their training and development needs. Majority of the respondents (58.00 per cent) indicate that the appraisal process did not help in identifying the training needs of employees and for the few who said their training needs were identified, these training needs were never met. Thus, 58 percent of the appraise said that the appraisal system did not help in locating their training and development needs. Though 36 percent said that their training and development needs were identified they were never met. Similarly, when talk about appraisal system role in motivating employees to perform better it was found that it hardly motivates employees to improve their performance. Thus, the present study successfully revealed the major role of performance appraisal system in employee's development, increasing level of satisfaction and motivation of employee, and identifies various training needs.

The impact of performance appraisal on increasing individual efficiency, organizational efficiency and productivity has also been observed to range between "moderate" to "very low". In case of individual efficiency moderate to very low impact is apparent on increasing individual efficiency on account of performance appraisal. Whereas organizational efficiency is also depending upon proper implementation of performance appraisal practice and top management commitment to make appraisal practices as a self-development opportunity for their employees. Another key finding was that, the impact of performance appraisal system of BSNL on increasing employee's productivity was found very low. Hence, impact of appraisal system on these variables was not significant because the majority felt that there are many other ways to increase individual efficiency, organisational efficiency, and productivity as well.

10. Recommendations

1. It is important that the organization reviews its current performance appraisal system in order to achieve its intended purpose of facilitating employee development and create awareness regarding its appraisal programmes.
2. Organisation should highlight the benefits of effective performance appraisal programme in order to change employee's perception regarding existing appraisal system. Employees should also understand the importance of performance appraisal practice in the development of their career path.
3. Employee's performance should be appraised periodically to enable management to detect and take corrective action on poor performance. But too frequent appraisal may become a reason for demotivation and low morale.
4. It is also recommended that the techniques of appraisal should be revised after a particular time period. Apart from using confidential report writing techniques or grading system, organization should consider 360 degree appraisal in which, appraisal is done not only by the immediate superiors but also by their colleagues, supplier, customer etc.
5. Realistic performance targets must be set for all employees and they should be done in consultation with appraisers and appraisee. Appraisers should always inform appraisee about the criteria for assessing their performance before the appraisal system commence.
6. Performance Appraisal results should not be used only in making decisions related to the promotion or transfer but, it should be used for some other management purposes like, designing suitable training programme, increasing level of employee's satisfaction and motivation, developing interpersonal relation, improving productivity, and increasing individual as well as organisational efficiency.

7. It is recommended that the performance appraisal system should be implemented to identify training needs and accordingly design suitable training programmes so that, it can easily fill the gap between the existing competencies and the desired competencies to achieve organizational goals.
8. It is also suggested that, organization need strong commitment from the top management in order to encourage employee's engagement in appraisal activity.

11. Conclusion

For a developing organisation there is a need of an effective performance appraisal system to evaluate the performance of its employees accurately in order to fill the gap between actual and desired performance level as well as to know the strengths and weaknesses of individual employee. On the basis of post appraisal report employees are able to know the loopholes in their existing performance and accordingly, they can develop or add some new skill and broaden their job related knowledge and competencies. As stated in the BSNL mission statement Human resource as the most valuable resource for the organisation so; the organisation should design an appraisal system that can provide maximum opportunities for overall development of its employees through identifying their training needs and clearly stated their career path. It will definitely reap the twin fruit of employee development and organisation success.

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