

A STUDY ON RECENT APPROACHES TO PERFORMANCE APPRAISAL IN THE AUTOMOBILE INDUSTRY

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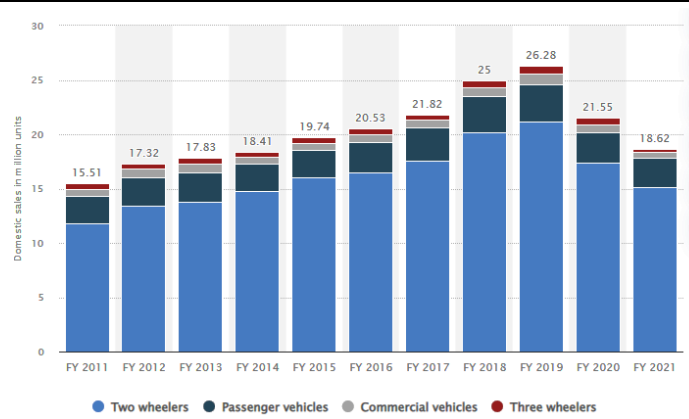
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ABSTRACT

India is the world's largest automotive sourcing destination, accounting for roughly 52 percent of the \$ 200 billion market. India employs over 15 million people and continues to make important contributions to the country's economic transformation. As a result, the automobile industry is considered to be one of the most important contributors to GDP. Because this is such a chance-based industry, the rate of attrition is also rather high. Furthermore, the rate of attrition in terms of unhappiness with the performance appraisal methodologies employed is eighteen.7%. Thus, the organization's performance appraisal procedures have a vital influence in determining an employee's performance, as does the worker's satisfaction with the performance appraisal method used. It's seen to be one of the most essential variables in encouraging employees to meet or exceed quality standards. This paper examines the performance appraisal methods used by the top ten automobile companies in India (based on revenue-2020): Tata Motors, Bajaj Auto, Honda Motors, Mahindra & Mahindra Ltd, TVS Motors, Ashok Leyland Ltd, Force Motors Ltd., Hyundai Motor India Ltd. (HMIL), Maruti Suzuki India Ltd., and Hero Moto Corp Ltd. These companies, by coincidence, use either 360-degree feedback or the Balanced Score Card. As a result, this article might also be a review of 360-degree feedback and balanced score cards, examining their benefits, drawbacks, and reasons for use.

KEYWORDS: *Automobile industry, Performance Appraisal, 360 Degree Feedback, Balanced Score Card.*

INTRODUCTION: The first car was driven on an Indian road in 1897. Cars were only imported in modest numbers during the 1930s. In the 1940s, India saw the birth of a fledgling automobile industry. Hindustan Motors began production of Chrysler, Dodge, and Fiat vehicles in 1942, and long-time competitor Premier began production in 1944. In 1945, two brothers founded Mahindra & Mahindra and began producing Jeep CJ-3A utility vehicles. Following India's independence in 1947, the government and business sector collaborated to establish an automotive component manufacturing industry to supply the car industry. The Indian auto industry is one of the largest in the world with an annual production of 21.48 million vehicles in FY 2013-14. The automobile industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). India is also a substantial auto exporter, with solid export growth expectations for the near future. Various initiatives by the Government of India and the major automobile players in the Indian market is expected to make India a leader in the Two Wheeler and Four Wheeler market in the world. The Government of India encourages Foreign Direct Investment (FDI) in the automobile sector and allows 100 per cent FDI under the automatic route. Tata Motors, Bajaj Auto, Honda Motors, Mahindra & Mahindra Ltd, TVS Motors, Ashok Leyland Ltd, Force Motors Ltd., Hyundai Motor India Ltd. (HMIL), Maruti Suzuki India Ltd., and Hero Moto Corp Ltd are the trend setters of the market in many aspects, according to K. Chandhana, Research Scholar, Hindustan University and Dr. David T Easow, Deputy Director (SoM& International Affairs), Hindustan University According to a survey by Nasscom and Zinnov industries Private Ltd, India, the world's fourth largest base for young enterprises and home to 3000 tech start-ups, is on track to expand its base to 11,500 tech start-ups by 2020. Emerging technologies open up a whole new world of possibilities for Indian automakers. **360 Degree Feedback & Balanced Score Card are two performance appraisal methods used by the top 10 automobile companies.**



(www.statista.com/statistics/608392/automobile-industry-domestic-sales-trends-india/)

I) PERFORMANCE APPRAISAL

- The company's performance appraisal procedures are used to measure and evaluate an employee's performance. However, the pitfall is that there is growing dissatisfaction with the appraisal methods used in businesses on a daily basis. Performance appraisal is crucial in determining an employee's performance, as well as the worker's level of satisfaction with the performance appraisal method utilised.
- The systematic examination of employee performance and the understanding of a person's talents for future growth and development is referred to as performance appraisal. Supervisors monitor employee pay and compare it to targets and plans. Supervisors analyse the elements that influence employee performance at work. "An automobile could also represent a scientific assessment of an individual's work performance and development potential." Employees that labour solely for monetary gain may use a raise in pay to barter with another company. Individuals who do not receive satisfactory evaluations are demoted and must look for a new job. Any employee who does not agree with his or her appraisal or believes he or she is not getting what he or she deserves must be addressed as soon as possible

- The performance of an employee is measured and evaluated through the use of the corporation's performance appraisal procedures. However, the pitfall is that there is growing dissatisfaction with the appraisal methods used in businesses on a daily basis. Performance appraisal is crucial in determining an employee's performance, as well as the worker's level of satisfaction with the performance appraisal method utilised.
- The systematic examination of employee performance and knowledge of an individual's skills for future growth and development is known as performance appraisal. Supervisors measure employees' remuneration and compare it to targets and plans as part of the performance review process. The supervisor examines the factors that influence employee performance. Employers are in a position to assist employees in achieving higher levels of performance. "It could be a methodical assessment of a person's work performance and development potential." "Employees who work for the money quit following a pay raise to pursue a better deal with another company." Individuals who do not receive satisfactory evaluations in any case become demotivated and look for a new job.

II) PERFORMANCE APPRAISAL OBJECTIVES

- General Objectives Specific Objectives Use in the Developmental Process Individual requirements Feedback on performance Transfers and placements Strengths and Areas for Improvement Administrative Uses / Decisions Promotion in Pay Termination / Retention Recognition Layoffs Identification of underachievers Maintenance of the Organization Planning for Human Resources Training is required. Achievements of Organizational Objectives Identifying your objectives Evaluation of Human Resources Systems Organizational needs are reinforced. Documentation
- Legal Requirements Validation Research For HR Decisions The Automobile industry as a whole uses a variety of performance evaluation tools. However, because the top ten Automobile industry are the industry leaders in this field, this article focuses solely on their strategies. In the face of fierce competition, the top ten Automobile industry employ one of two methods: 360-degree feedback or a balanced scorecard. In the 1940s, the 360-degree feedback system was initially deployed.
- It's a method or procedure that allows employees to receive sensitive information. unsolicited feedback from those that work in their vicinity The 360 technique, similar to the various points on a compass, allows each employee to receive performance evaluation from his or her boss, colleagues, coworkers, and customers. This tool is typically utilised by medium and senior level employees. Because of the intricacy of their jobs, the organisation is able to collect enough data from all stakeholders to make a valid assessment. The 360-degree tool is used by most firms that specialise in employee development to assess employee performance and potential, as well as to

allow employees to chart their career path based on feedback. Before making a critical judgement regarding a professional's career, organisations gather 360-degree input about them.

- **The Benefits of 360-Degree Feedback** The 360-feedback system tabulates the results automatically and displays them in a format that assists the feedback recipient in developing a development plan. Individual replies are always coupled with responses from others in the same rater category (e.g., peer, direct report) to protect the employee's privacy and provide a clear picture of his or her biggest overall strengths and flaws. 360-degree feedback can be a very powerful growth tool when done correctly. The Benefits of 360-Degree Feedback

III) LITERATURE REVIEW

A review of the literature is an essential component of every social research project. It consists of a set of primary goals. These are as follows:

- ✓ To achieve the research objectives in the specified subject area.
- ✓ It is necessary to study the subject's research information.
- ✓ Analyzes the material acquired by finding gaps in present knowledge, demonstrating the limitations of ideas, and formulating a research field for future study, as well as reviewing the controversy's topic.
- ✓ Presents the material in an appropriate manner.

- **Singh A., Gupta Dr. V. (2012)** Indian Automobile Industry: A Review. The automotive Industry in India is now working in terms of the dynamics of an open market. Many joint ventures have been set up in India with foreign collaboration. India ranks just behind China with the world's second largest population at over 1 billion people. Less than 1 percent of the population currently owns automobiles, which is a much smaller proportion than the rest of the Southeast Asia region. India also has one of the fastest growing economies, and many U.S. companies view India as a potentially lucrative market.
- **V, Raju. (2021)** Automobile Industry is considered as one of the largest markets globally. Nowadays, cars have end up the necessity for everyone. There is a huge scope for cars in India, however nowadays Indian automobile industry is dealing with a big problem, i.e., slowdown and downfall. The predominant reason of this paper is to discuss the motives for the slowdown in car industry. It analyses the converting state of affairs of car industry that affect the purchasing behavior of customers. It explains the sales analysis of numerous car groups in India. It additionally gives the scope for the future and highlights the answer with the assist of recent trends which have to be adopted with the aid of the automobile corporations to capture the market and growth the income in destiny. It additionally throws the light on the brand-new technology for car sectors.
- **John Ugoani (2020)** Although performance appraisal is concerned with the evaluation of workers job performance, it at the same time serves to highlight the specific objectives of an organization. As the employee is being evaluated the organization is also evaluating itself by comparing objectives and standards of performance, reviews the whole appraisal framework and design as well as organizational values and culture. Performance appraisal is a veritable tool for organizations to evaluate and increase the quality of education and training of their workforce with a view to developing lifelong learning patterns and strategies to sustain productivity throughout longer working periods.
- **Mayer, (2001)** In order to provide useful information or feedback to their subordinates, organizations can use both formal and informal performance appraisals. A formal appraisal is conducted at a set time during the year and it is based on performance targets or standards that were set well in advance. The beauty of formal performance appraisal is that employees are assessed based on defined targets. It is also based on organizational policy. Most specifically, formal performance appraisals supply both the employers and employees with valuable information even though employees or subordinates usually require feedback about their future on a more frequent basis. This agitation has given rise to what is now known as informal performance appraisal. Informal performance appraisal is an unscheduled appraisal which represents organizational effort to bridge the developmental gaps that could be created by the traditional formal appraisal system

- **Wilson and Western, (2001)** There are two roles of performance appraisal in organizations that are often seen as potentially conflicting. One role is to measure performance for the purpose of rewarding or differentiating employees. For example, promotions or layoffs might hinge on these ratings, making discussions of them difficult at times. Another role is the development of individual's potential. In this case, the manager is featured more as a counselor than as a judge, and the atmosphere is often different. It is emphasized that performance appraisal helps to bring about employee empowerment teamwork, job satisfaction, and a winning, competitive work spirit

IV) BALANCED SCORE CARD

- The Balanced Score Card is a strategic planning and management system that is widely used in business and industry, government, and nonprofit organisations around the world to align business activities with the organization's vision and strategy, improve internal and external communications, and track performance against strategic goals. It was developed by Harvard Business School professors Robert Kaplan and David Norton as a performance measurement framework that combined strategic non-financial performance measures with traditional financial metrics to provide managers and executives with a more "balanced" view of organisational performance. From its early days as a simple performance evaluation framework, the balanced scorecard has grown into a comprehensive strategic planning and management system. The four business perspectives addressed by the balanced scorecard method are as follows:
 - Business Process
 - Financial Perspective
 - Customer Perspective
 - Learning and Growth Perspective
- The balanced score card relies on four processes to function. They are responsible for translating the vision, communicating and linking it, as well as business planning, feedback, and learning. The first new process, translating the vision, assists managers in achieving agreement on the organization's vision and plan. Despite the best intentions of those at the top, aspirational words like "best in school," "preferred supplier," or "empowered organisation" don't simply convert into operational terms that provide effective action recommendations at the local level. For individuals to act on the words in vision and strategy statements, they must be expressed as an integrated set of objectives and measures that describe the long-term drivers of success and are agreed upon by all senior executives.
- The second step, communicating and linking, allows managers to express their strategy across the company and link it to departmental and individual goals. Individual incentives are traditionally related to short-term financial goals, and departments are evaluated based on their financial performance. The scorecard enables managers to ensure that all levels of the organisation are aware of the long-term plan and that departmental and individual goals are aligned with it.
- Business planning, the third procedure, allows organisations to connect their business and financial plans. Almost every firm is launching a variety of change projects today, each with its own champions, gurus, and consultants, and each contending for the time, energy, and resources of senior leaders. Managers struggle to combine those disparate projects in order to fulfil their strategic goals, resulting in frequent disappointment with the programmes' outcomes. Managers, on the other hand, will undertake and coordinate only those projects that advance them closer to their long-term strategic objectives when they utilise the lofty goals set for balanced scorecard measures as the basis for allocating resources and determining priorities.
- The fourth process, feedback and learning, allows businesses to engage in strategic learning. Existing feedback and evaluation methods are focused on determining whether the company, its departments, or individual employees have reached their financial targets. A corporation can monitor short-term results from three additional perspectives—customers, internal business processes, and learning and growth—and review strategy in light of recent performance with the balanced scorecard at the centre of its management systems. As a result of the scorecard, businesses can change their plans to reflect real-time learning.

ADVANTAGES OF BALANCED SCORE CARD

- The balanced scorecard transforms an organization's strategic plan from a pretty but inactive paper into daily "marching orders." It provides a framework that not only measures performance but also assists planners in determining what needs to be done and measured. It enables CEOs to put their plans into action. Most organisations are unable to achieve the same consistency of vision and action while changing directions and introducing new strategies and processes without a balanced scorecard. The balanced scorecard is a framework for managing strategy implementation while also allowing the strategy to adapt in response to changes in the company's competitive environment.
- Short-term financial measures are not the only indicators of a company's performance, thus managers utilising the balanced scorecard don't have to believe them. They can use the scorecard to introduce four new management processes that, individually and together, help them link long-term strategic goals to short-term actions.

DISADVANTAGES OF BALANCED SCORE CARD

- Adapting to a balanced scorecard strategic system takes time. As a result, managers will need to be extremely motivated in order to complete the process successfully. A balanced scorecard provides you with a comprehensive insight of the company. It will provide you with information regarding the execution and performance of your company. It will not, however, make recommendations on how to improve strategies and policies to address inconsistencies. As a result, a more expansive strategy will be required to complete a comprehensive review of a company's performance. While the balanced scorecard provides an overview of the four areas to be concerned about in terms of business growth and development, it does not provide a complete picture. The financial information on the scorecard is confidential. Instead, for the balanced scorecard to be successful, it must be part of a much larger strategy for firm growth that includes rigorous accounting processes. Many businesses utilise metrics that aren't relevant to their own scenario. When employing balanced scorecards, it's critical to make the knowledge being tracked relevant to their needs. The stats will be meaningless otherwise. Balanced Score Card system would demand a significant initial cost and time expended. The balance sheet will reflect that the company is losing money and that deploying the balanced scorecard system was a waste of money.

V. CONCLUSION

Every organization's most important resource is its people. Every employee in a firm contributes to the organization's productivity and goodwill. As a private, an employee is viewed as an asset within the firm. As a result, the organization's primary focus should be on performance appraisal techniques and its development programme. Both the appraiser and the appraisee should understand the premise and use the appraisal system tool constructively for the organization's success. Although leading Automobile firms use both 360-degree feedback and balanced score cards, each has its own set of flaws. Employee satisfaction with these assessment methods is quite low (source: debates on HR forums such as citeHR.com), and there is a need for a new appraisal method that prevents these faults while maintaining the benefits of current methods.

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