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# PERFORMANCE MANAGEMENT AS A TOOL FOR TALENT RETENTION AND ORGANIZATIONAL DEVELOPMENT WITH REFERENCE TO HERO MOTOCORP Ltd.

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## ABSTRACT

Ability and aptitude are two ways in which people vary. When two persons accomplish the same task, there will always be a noticeable variation in the amount and quality of their labor. To get insight into the skills, knowledge, and value that each person brings to the table, performance management systems are essential. Performance Management assigns grades to workers based on how well they do their jobs.

Society as a whole makes extensive use of performance management systems. Performance management has its roots in the early 20th century, namely in the application of merit ratings during World War II. The practice of an employer conducting performance reviews is not new. An important aspect of performance measuring is performance management.

To ensure that the company and its personnel are making sufficient progress towards their objectives, performance management is an absolute must.

With "get paid according to what you contribute" becoming the newest global catchphrase, companies are shifting their attention to performance management, and more especially, to the performance of individuals inside the company. Employees' performance and their impact on the achievement of company objectives may be better gauged with the use of performance management tools. Employees are better able to carry out their duties and achieve organizational goals when performance management is both formal and well-structured. In addition to reviewing their performance, it helps to match it with the organization's objectives.

When planning for workers' future performance, performance management looks at how well they've done in the past. The present state of performance management throughout the world has been the subject of an effort to research.

## 1. INTRODUCTION

**Performance management** (PM) includes activities that ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas.

Performance management as referenced on this page is a broad term coined by Dr. Aubrey Daniels in the late 1970s to describe a technology (i.e. science imbedded in applications methods) for managing both behavior and results, two critical elements of what is known as performance.

A major concern of every organization should be to contribute positively towards the achievement

of its objective. Organizational effectiveness is often equated with managerial efficiency. A manager can ensure organizational effectiveness only by guaranteeing the full utilization of human resource available through individual employees under his guidance. Hence, it is always required for a manager to monitor and measure the performance of employees.

Moreover, since the organization exists to achieve the goals, the degree of success that individual employees have in reaching this individual goal is important in determining organizational effectiveness. The assessment of how successful employees have been at meeting their individual goal to comes a critical part of human resource management. This leads to concept of performance appraisal.

A performance management system functions as definitions of performance.

Performance management is a method of evaluating the behaviour of employees in the work spot, including both qualitative and quantitative aspects of job performance indicates how an individual is fulfilling the job demands and it is always in terms of results. Under performance appraisal not only the performance of an employee but also his potential for development is evaluated.

“Performance Appraisal is a systematic description of an employee’s job relevant strengths and weaknesses”.

In performance appraisal or merit rating refers to all the formal procedures used in working organizations to evaluate the personalities and contributions and potential group members. In appraisal system the employee’s merits like initiatives, dependability, personality etc., are compared with others and ranked to rated. Appraisals might be based on the criteria of employee’s

skills, educational qualifications, knowledge, abilities to delegate plans, supervise, assume responsibility, exercise leadership, personal qualities, creativity, decision making and interpersonal skills.

An appraisal motivates an employee into increased effort aimed at enhancing the outcome of the assessment. It tells an employee what set of activities or what qualities are considered desirable by the organization.

It is the systematic method of obtaining, analyzing & recording information about an employee that is needed:

- For effective management of business.
- By the manager to help him improve the jobholders performance and plan his career.
- By the jobholder to assist him to evaluate his own performance and develop himself.

In performance planning and review, the Reporting Manager is expected to set targets or tasks for the appraise in the beginning of the year. In the middle of the year, the appraise fills the self-appraisal form, indicating the extent which the target or task has been completed, the difficulties faced and the suggestions for improvement. At the end of the year, there is the annual review and targets/tasks set for the next year. Both in the mid-year review and annual review, the self-appraisal is supplemented by a performance review, discussion, the problems are discussed and the appraiser is given feedback on how he is doing.

### **NEED FOR THE STUDY:**

The need of the performance Management is to determine what aspects of performance are required to be evaluated.

- To identify those who are performing their assigned task well and those who are not and the reason for such performance.
- To provide information about the performance ranks basing on which decisions regarded salary fixation, conformation, promotion, demotion and transfer are taken.
- To provide feedback information about the level of achievements and behavior of an employee.
- To provide information and counsel the employee.
- To compare actual performance with the standards and in out deviations (positive and negative)
- To create and maintain satisfactory level of performance.
- To prevent grievance and in disciplinary activity.
- To facilitate fair and equitable compensation.
- To ensure organizational effectiveness.
- It guarantees useful information about employees and the nature of their duties.

We can briefly say that performance appraisal systems are necessities to assess performance at regular intervals with consistency to study improvements, deviation and to take corrective actions to bridge gaps and improve performance over a period of time.

## OBJECTIVES:

The objective is to know how effective is the execution of appraisal system (Performance Management) in **PHOENIX MOTORS PVT LTD.**, Hyderabad.

The aim of most performance management programming is to encourage the employees to set his own objective for the next

time period following the review of his past performance. It enables the management to make effective decisions/ to modify earlier decisions based on the evaluation of the existing plans, information system, job analysis, and internal and external environment factors influencing employee performance.

The objectives is to identify the common goals of the organization, define each individuals major areas of responsibility in terms results expected of him, review the individual performance progress in a job and his potential for future improvement. It aims at providing data to managers with whom they may judge future job assignments and compensation.

To establish an objective basis fro the different levels of performance and to identify executives with potential to grow in the organization.

To counsel the employees appropriately regarding their strengths and weaknesses and asses in developing them to realize they are full potential in line with the company's objectives and goals. Always emphasize that the role of a manager is to offer constructive support and not condemn. Give the employees many opportunities to ask guidance to air grievances and discuss anxieties

## .SCOPE:

In the present study a attempt has been made to know the actual implementation of performance appraisal techniques in general and some other aspects such as awareness of the workers, effectiveness of the performance appraisal system in particular.

Human resource projections are valid on appraisals. By improving job skills, the employees have lot of scope for development

and prepare themselves for higher responsibilities.

A thorough analysis of the performance appraisal system will help the management to know the short comings, if any. It also help the company in knowing whether the performance appraisal techniques are used to full extent or not, there by the researcher can understand the effective implement of the performance appraisal system.

## **2. METHODOLOGY & DATABASE:**

The research methodology is a systematic way to solve the problem and it is an important component of the study without which researcher may not be able to obtain the facts and figures from the employees.

### **SOURCE OF DATA:**

The study is based on primary as well as secondary data collected from different sources:

#### **A). Primary Data:**

The primary data is collected with the help of questionnaires, which consists of twenty questions each. The questionnaires are chosen because of its simplicity and liability. Researcher can expect straight answers to the questions. The respondents are informed about the significant of the study and requested to give their fair opinions.

#### **B). Secondary Data:**

Secondary data is collected through the documents provided by the personnel department. The documents include personnel manuals, books, reports, journal, etc.

### **SAMPLING PROCESS:**

#### **A). Sample Unit:**

The executives and employed at **PHOENIX MOTORS PVT LTD.**, Hyderabad constitute 'universe' of the present study. A part of it is taken as sample unit for the resent study. It includes JGMS, AGMS, manager and other employees of **PHOENIX MOTORS PVT LTD** Hyderabad.

#### **B). Sample Size:**

The sample size consists of 100 respondents employed in **PHOENIX MOTORS PVT LTD**, Hyderabad. Of these 30 are executives, 20 are senior executives and the remaining 50 are employees.

### **PERIOD OF THE STUDY:**

Since so many years **PHOENIX MOTORS PVT LTD** Hyderabad has been following the same procedure of appraisals for their executives and employees and for the study of my project last on-year data has collected on performance appraisals.

### **PLAN OF THE STUDY CHAPTERIZATIONS:**

- ❖ To shed light on introduction on subject background of study
- ❖ The profile of the company
- ❖ Present frame work regarding research design of the study
- ❖ Explore performance appraisal process in **PHOENIX MOTORS PVT LTD.**, Hyderabad
- ❖ Exam in data, analysis and interpretation
- ❖ Highlight summary of findings and conclusions
- ❖ Offer suggestions and recommendations

### **Limitations of the study**

- ❖ In this case the superior appraises the person on certain positive qualities only. The negative traits are not



considered. Such an appraisal will not give a true picture about the employee. And in some cases employees who do not deserve promotions may get it.

- ❖ In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because such appraisal may not present a true picture about the employee.
- ❖ In this case the superior gives an appraisal by giving central values. This prevents a really talented employee from getting promotions he deserves and some employees who do not deserve anything may get promotion.
- ❖ Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotions may lose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.
- ❖ In this case the employee is judged +vely or -vely by the boss depending upon the past performance. Therefore although the employee may have improved performance, he may still not get the benefit.
- ❖ Many bosses do not wish to spoil their relations with their subordinates. Therefore when they appraise the employee they may end up giving higher grades which are not required. This is a n injustice to really deserving employees.
- ❖ Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different departments in the same company use different methods of appraisal it becomes very difficult to compare employees.

### 3. PERFORMANCE MANAGEMENT

This is used most often in the workplace, can apply wherever people interact — schools, churches, community meetings, sports teams, health setting, governmental agencies, and even political settings - anywhere in the world people interact with their environments to produce desired effects. Armstrong and Baron (1998) defined it as a “strategic and integrated approach to increasing the effectiveness of companies by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.”

It may be possible to get all employees to reconcile personal goals with organizational goals and increase productivity and profitability of an organization using this process. It can be applied by organisations or a single department or section inside an organisation, as well as an individual person. The performance process is appropriately named the self-propelled performance process (SPPP).

First, a commitment analysis must be done where a job mission statement is drawn up for each job. The job mission statement is a job definition in terms of purpose, customers, product and scope. The aim with this analysis is to determine the continuous key objectives and performance standards for each job position.

Following the commitment analysis is the work analysis of a particular job in terms of the reporting structure and job description. If a job description is not available, then a systems analysis can be done to draw up a job description. The aim with this analysis is to determine the continuous critical objectives and performance standards for each job.

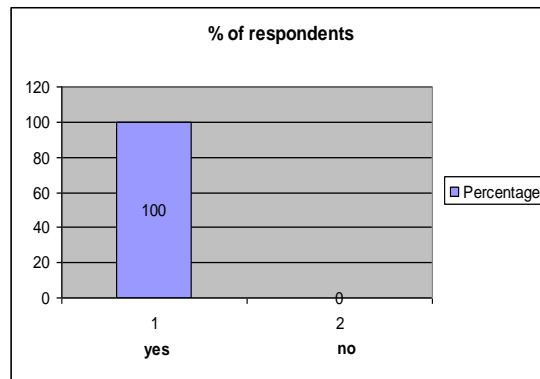
#### 4. DATA ANALYSIS AND INTERPRETATION

1. Do you think performance appraisal is needed in a company?

(a) YES

(b) NO

s.no	Options	No. of Responses	Percentage
1	YES	100	100
2	NO	0	0
	TOTAL	100	100



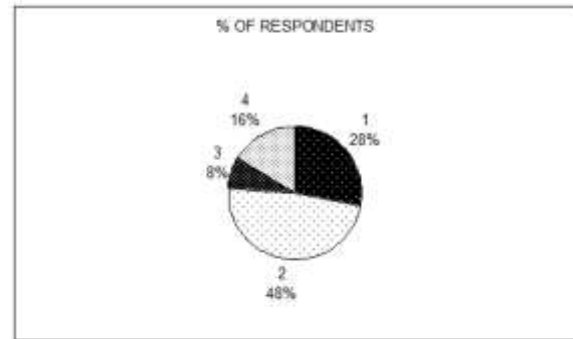
##### Interpretation:

To above question, almost 100% of the employees thought that the performance appraisal is needed in a company.

2. Performance appraisal rating is used to

- (a) Identify areas of improvement
- (b) Identifying quality for unit of work
- (c) Set performance target
- (d) All the above

s.no	Options	No. of Responses	Percentage
1	Identify areas of improvement	28	28
2	Identify areas of training & development	48	48
3	Set performance target	8	8
4	All the above	16	16
	Total	100	100



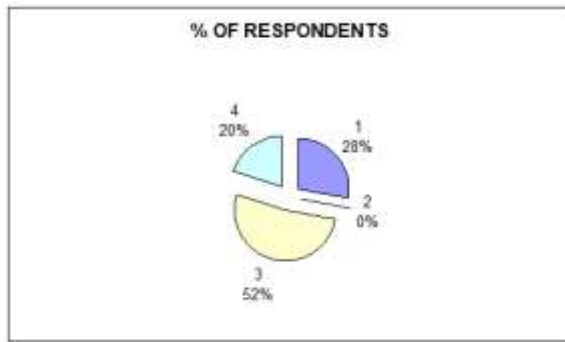
##### Interpretation:

About the useful of Performance appraisal system, 28% have said that appraisal system helped them to identify areas of improvement, to 48% it helped in identifying training & development needs, to 8% it helped in setting performance targets and to 16% it was helpful in all the above areas. By this we can say that P.A is helpful in one way or the other for the employees.

3. In your experience the outstanding Performance of an employee is due to:

- (a) Actual Performance
- (b) Qualification
- (c) Experience
- (d) All the above

s.no	Options	No. of Responses	Percentage
1	Actual Performance	28	28
2	Qualification	0	0
3	Experience	52	52
4	All the above	20	20
	total	100	100



#### Interpretation:

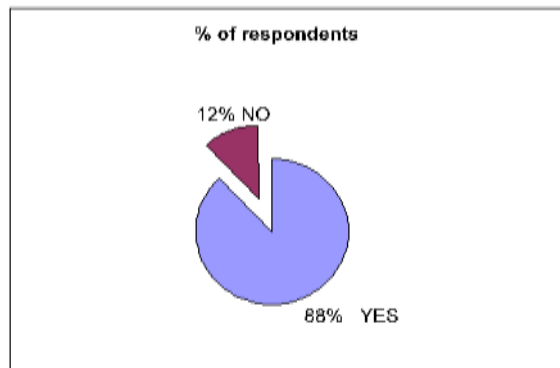
Above 28% of the employees responded that the outstanding Performance appraisal is due to Actual Performance, 52% of the employees is due to Experience and 20% of the employees is due to all the above.

4. Do you think that a good workman gets motivated with frequent Performance

appraisal? Is conducted?

- (a) YES (b) NO

s.no	Options	No. of Responses	Percentage
1	YES	88	88
2	NO	12	12
	TOTAL	100	100



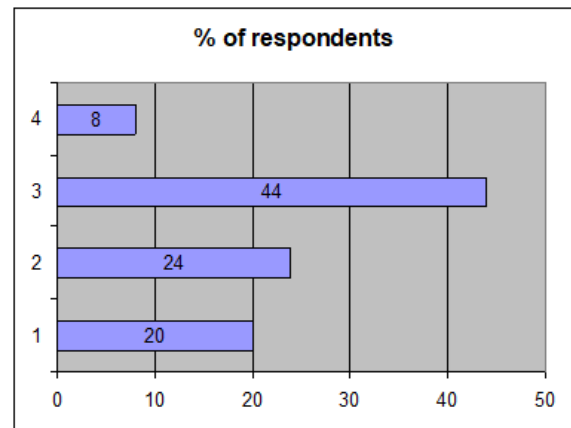
#### Interpretation:

A majority of 88% of the employees said that a good workman gets motivated with frequent Performance Appraisal and 12% of the employees are not satisfied with above.

5. What are the factors taken into consideration while appraising an individual?

- (a) Interpersonal effectiveness  
(b) Team building skills  
(c) Self motivate skills  
(d) leadership

s.no	Options	No. of Responses	Percentage
1	Interpersonal effectiveness	20	20
2	Teambuilding skills	24	24
3	Self-motivate skills	44	44
4	Leadership	8	8
	Total	100	100



#### Interpretation:

About 20% of employees considered interpersonal effectiveness while appraising an individual, 24% of employees considered Teambuilding skills, 22% of employees considered self motivate skills and



8% of employees considered Leadership. By this we can say that these are the factors taken into consideration while appraising an individual.

## 5. Findings

1. In the light of the above discussion the following findings are made.

1. It is revealed that the executive are getting feedback on their performance though which they can review their performance. Sort on the problems and can overcome the difficulties.
2. The management has a clear understanding about the problem that the workers are the best with moreover, they are eager to solve the problems of the workers as and when they arise.
3. The management was giving requisite training to workers in the areas where they are weak.
4. Workers awareness about the fact that the appraisal are one of the factor for promotion was cent percent.
5. Performance appraisal system is considered as a means that aim at identifying the areas of improvement, identifying areas of training and development setting performance target for future.
6. The management desire having cordial relations with the work to hold mutual discussions.
7. The performance appraisal system it exists as it exist now, is properly worked out and appropriately evolved. This revealed from the opinion given by the majority of the employees.

## SUGGESTIONS

Based on the findings of the study and personal discussions held with various executives and employees at PHOENIX MOTORS PVT LTD.,

Hyderabad possible suggestions and recommendations are given:

- It is recommended that employees should be immediately communicated.
- The result of the appraisal particularly when they are negative.
- It is recommended that the supervisor should try to analyze the strengths and weaknesses of an employee and advise him on correcting the weakness.
- It is commended to counsel the employees appropriately regarding their strength and weaknesses and assist in developing them to realize their full potential in line with the company's goals.
- The top management is very much committed in implementing the performance appraisal system as it is. The performance appraisal system is consider as an essential tool for bridging gap between the top management and the executives it thus helps them to develop cordial relations and mutual understanding.
- It is recommended that the employees should be communicated information about his performance, again his acceptance of it and draw up a plan for future improvement, if necessary.
- It is recommended that the rater must be thoroughly well versed in the philosophy and of the rating system. Factor sales must be thoroughly defined, analyzed and discussed.

To conclude, it is imperative to immunize of the problems or hindrances to strengthen the system.

## 6. CONCLUSION

1. Job analysis is the source for the grading instruments, which should aim for simplicity rather than complexity.
2. All staff, including supervisors, get training on the systems.
3. Third, the evaluation is based on precise job descriptions, and the evaluations are derived from real, measurable performance.
4. Evaluations are conducted in a controlled environment and do not cause any harm.
5. Shared with the rate are preliminary findings.
6. An employee's career cannot be controlled by a single boss since there is an appeals procedure and some kind of higher-level evaluation.
7. There are resources available for performance counseling and remedial coaching.

Even if many systems won't measure up, keep in mind that system design isn't the main issue with evaluations. Rather, the strategy and the data it produces present a dilemma in and of itself, as appraisal ultimately comes down to subjective human opinion.

Looking into the future, personnel evaluation will either become more complicated or get simpler. Assessments are expected to be made more difficult by organizational downsizing and personnel changes if the long-standing tendency for person-centered assessments continues. Working in an online environment that doesn't care about physical location or time will only make things worse.

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**PHOENIX MOTORS PVT  
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