



GALGOTIAS UNIVERSITY
SCHOOL OF BUSINESS
RESEARCH REPORT ON
“PERFORMANCE APPRAISAL IN TATA MOTORS”

FOR THE PARTIAL FULFILMENT OF THE REQUIREMENT
FOR THE AWARD OF
BACHELOR OF BUSINESS ADMINISTRATION

UNDER THE GUIDANCE OF:

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18GSOB1010301 (Sem 6th)

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ACKNOWLEDGEMENT

Words are only representations of our regards and gratitude that we have towards our actions and their inherent associations. As a matter of fact, without co-operation, no thought could be coined into real action. Consistent motivation and invaluable support throughout any project is an issue that cannot quantitatively measured. These acknowledgements are only a fraction of regards towards their gestures.

Our sincere thanks to *Mentor Ms. Shikha Goyal Garg* .We express our deep sense of gratitude to ma`am who has been a source of inspiration throughout the course of this work with her inestimable advice and moral encouragement. Our Group members who have given an immense support throughout the course of the Project and rest who all are attached to this Project directly or Indirectly.

EXECUTIVE SUMMARY

Managing human resources in today's dynamic environment is becoming more and more complex as well as important. Recognition of people as a valuable resource in the organization has led to increases trends in employee maintenance, job security, etc. My research project deals with "Performance Appraisal as carried out at Tata motors ". In this report, I have studied &evaluated the performance appraisal process as it is carried out in the company.

The first section of my report deals with a detailed company profile. It includes the company's history: its activities and operations, organizational structure, etc. this section attempts to give detailed information about the company and the nature of it's functioning.

The second section deals with performance appraisal. In this section, a brief conceptual explanation to performance appraisal is given. It contains the definition, process and significance of performance appraisal.

In the third section of my report, I have conducted a research study to evaluate the process of performance appraisal at Tata motors.; this section also contains my findings, conclusions, suggestions and feedback.

The fourth and final section of this report consists of extra information that I related to the main contents of the report. These annexure includes the Questionnaire on the basis of which the primary data was collected and research study was conducted.

TATA MOTORS



Tata Motors Limited formerly is an Indian multinational automotive manufacturing company headquartered in Mumbai, India and a subsidiary of the Tata Group. Its products include passenger cars, trucks, vans and coaches. It is the world's eighteenth-largest motor vehicle

manufacturing company, fourth-largest truck manufacturer and second-largest bus manufacturer by volume.

Tata Motors has auto manufacturing and assembly plants in:

- 1) Jamshedpur
- 2) Pantnagar
- 3) Lucknow
- 4) Sanand
- 5) Dharwad
- 6) Pune

India, as well as in Argentina, South Africa, Thailand and the United Kingdom. Tata Motors has produced and sold over 6.5 million vehicles in India since 1954. Originally a manufacturer of locomotives, the company manufactured its first commercial vehicle in 1954 in a collaboration with Daimler-Benz AG, which ended in 1969. In 2010, Tata Motors surpassed Reliance to win the coveted title of 'India's most valuable brand' in an annual survey conducted by Brand Finance and *The Economic Times*. Tata Motors was ranked as India's 3rd Most Reputed Car manufacturer in the Reputation Benchmark Study - Auto (Cars) Sector, launched in April 2012.

Tata Motors has been ranked 314th in the Fortune Global 500 rankings of the world's biggest corporations for the year 2012. Tata Motors is a cross-listed company; Its stock trades on the Bombay Stock Exchange and the New York Stock Exchange as TTM.

The second-generation **Tata Indica**; one of the best selling cars in the history of the Indian automobile industry



Tata Nano, the world's cheapest car

Tata entered the commercial vehicle sector in 1954 after forming a joint venture with DaimlerBenz of Germany. After years of dominating the commercial vehicle market in India.



Tata Motors entered the passenger vehicle market in 1991 by launching the **Tata Sierra**, a multi utility vehicle.

After the launch of three more vehicles, **Tata Estate** (1992, a **stationwagon** design based on the earlier 'TataMobile' (1989), a light commercial vehicle), **Tata Sumo** (LCV, 1994) and Tata Safari (1998, India's first sports utility vehicle). Tata launched the **Indica** in 1998, the first fully indigenous Indian passenger car. Although initially criticised by auto-analysts, its excellent fuel economy, powerful engine and an aggressive marketing strategy made it one of the best selling cars in the history of the Indian automobile industry. A newer version of the car, named Indica V2, was a major improvement over the previous version and quickly became a mass-favorite.

Tata Motors also successfully exported large quantities of the car to South Africa. The success of Indica played a key role in the growth of Tata Motors.

In 2004 Tata Motors acquired Daewoo's South Korea-based truck manufacturing unit, Daewoo Commercial Vehicles Company, later renamed **Tata Daewoo**.

In 2005, Tata Motors acquired a 21% controlling stake in the Spanish bus and coach manufacturer Hispano Carrocera. Tata Motors continued its market area expansion through the introduction of new products such as buses (Starbus & Globus, jointly developed with subsidiary Hispano Carrocera) and trucks (Novus, jointly developed with subsidiary Tata Daewoo).

In 2006, Tata formed a joint venture with the Brazil-based **Marcopolo, Tata Marcopolo Bus**, to manufacture fully built buses and coaches.



In 2008, Tata Motors acquired the British car maker **Jaguar Land Rover**, manufacturer of the Jaguar, Land Rover and Daimler luxury car brands, from Ford Motor Company. In May 2009 Tata unveiled the Tata World Truck range jointly developed with Tata Daewoo. Debuting in South Korea, South Africa, the **SAARC** countries and the Middle-East by the end of 2009. Tata acquired full ownership of Hispano Carrocera in 2009. In 2010, Tata Motors acquired an 80% stake in the Italy-based design and engineering company Trilix for a consideration of €1.85 million. The acquisition formed part of the company's plan to enhance its styling and design capabilities. In 2012, Tata Motors announced it will invest around Rs 600 crore on developing Futuristic Infantry Combat Vehicles in collaboration with **DRDO**.

Operations

Tata Motors has vehicle assembly operations in India, the United Kingdom, South Korea,

Thailand, Spain and South Africa. It plans to establish plants in **Turkey**, Indonesia and Eastern Europe. Tata Motors' principal subsidiaries include Jaguar Land Rover, Tata Daewoo and Tata Hispano.

Tata Motors is among the top three in passenger vehicles in India with products in the compact, midsize car and utility vehicle segments.

The company's manufacturing base in India is spread across:

- Jamshedpur (Jharkhand)
- Pune (Maharashtra)
- Lucknow (Uttar Pradesh)
- Pantnagar (Uttarakhand)
- Dharwad (Karnataka).

The company is establishing a new plant at Sanand (Gujarat). Tata's dealership, sales, service and spare parts network comprises over 3500 touch points.

Tata also has franchisee/joint venture assembly operations in Kenya, Bangladesh, Ukraine, Russia and Senegal. Tata has dealerships in 26 countries across 4 continents. Though Tata is present in many countries it has only managed to create a large consumer base in the **Indian Subcontinent**, namely **India**, Bangladesh, Bhutan, Sri Lanka and Nepal. Tata has a growing consumer base in Italy, Spain and South Africa. Tata Motors has more than 250 dealerships in more than 195 cities across 27 **states** and 4 **Union Territories** of India. It has the 3rd largest Sales and Service Network after **Maruti Suzuki and Hyundai**.

Tata Daewoo . In 2004, Tata Motors acquired Daewoo Commercial Vehicle Company of South Korea. :

To expand the product portfolio Tata Motors recently introduced the 25MT GVW Tata Novus from Daewoo's (South Korea) (TDCV) platform. Tata plans to leverage on the strong presence of TDCV in the heavy-tonnage range and introduce products in India at an appropriate time. This was mainly to cater to the international market and also to cater to the domestic market where a major improvement in the Road infrastructure was done through the **National Highway Development Project**.

Tata Daewoo is the second-largest heavy commercial vehicle manufacturer in South Korea. Tata Motors has jointly worked with Tata Daewoo to develop trucks such as Novus and World Truck

and buses including GloBus and StarBus. In 2012, Tata will start developing a new line to manufacture competitive and fuel efficient commercial vehicles to face the competition posed by the entry of international brands like Mercedes-Benz, Volvo and Navistar into the Indian market.

Products

1. Tata Starbus Low Floor 1610
2. Tata Marcopolo buses in the Delhi BRT
3. Commercial vehicles
4. Military vehicles
5. Electric vehicles

PERFORMANCE APPRAISAL

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human Resource (or personnel) management, in the sense of getting things done through people, is an essential part of every manager's responsibility, but many organizations find it advantageous to establish a specialist division to provide an expert service dedicated to ensuring that the human resource function is performed efficiently.

“People are our most valuable asset” is a cliché, which no member of any senior management team would disagree with. Yet, the reality for many organizations is that their people remain undervalued, under trained and underutilized.

The market place for talented, skilled people is competitive and expensive. Taking on new staff can be disruptive to existing employees. Also, it takes time to develop „cultural awareness“, product / process / organization knowledge and experience for new staff members.

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Following are the various functions of Human Resource Management that are essential for the effective functioning of the organization:

1. Recruitment
2. Selection
3. Induction
4. Performance Appraisal
5. Training & Development

Recruitment

The process of recruitment begins after manpower requirements are determined in terms of quality through job analysis and quantity through forecasting and planning.

Selection

The selection is the process of ascertaining whether or not candidates possess the requisite qualifications, training and experience required.

Induction

Induction is the technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the organization.

WHAT IS “PERFORMANCE APPRAISAL”?

Performance Appraisal is defined as the process of assessing the performance and progress of an employee or a group of employees on a given job and his / their potential for future development. It consists of all formal procedures used in working organizations and potential

of employees. According to Flippo, “Performance Appraisal is the systematic, periodic and an important rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.”

CHARACTERISTICS

1. Performance Appraisal is a process.
2. It is the systematic examination of the strengths and weakness of an employee in terms of his job.
3. It is scientific and objective study. Formal procedures are used in the study.
4. It is an ongoing and continuous process wherein the evaluations are arranged periodically according to a definite plan.
5. The main purpose of Performance Appraisal is to secure information necessary for making objective and correct decision an employee.

PROCESS

The process of performance appraisal:

1. Establishing performance standards
2. Communicating the Standards
3. Measuring Performance
4. Comparing the actual with the standards
5. Discussing the appraisal
6. Taking Corrective Action

LIMITATIONS

1. Errors in Rating
2. Lack of reliability
3. Negative approach
4. Multiple objectives
5. Lack of knowledge

METHODS OF PERFORMANCE APPRAISAL

The foregoing list of major program pitfalls represents a formidable challenge, even considering the available battery of appraisal techniques. But attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are (a) most likely to achieve a particular objective and (b) least vulnerable to the obstacles already discussed.

Before relating the specific techniques to the goals of performance appraisal stated at the outset of the article, We shall briefly review each, taking them more or less in an order of increasing complexity. The best-known techniques will be treated most briefly.

ESSAY APPRAISAL

In its simplest form, this technique asks the rater to write a paragraph or more covering an individual's strengths, weaknesses, potential, and so on. In most selection situations, particularly those involving professional, sales, or managerial positions, essay appraisals from former employers, teachers, or associates carry significant weight.

GRAPHIC RATING SCALE

This technique may not yield the depth of an essay appraisal, but it is more consistent and reliable. Typically, a graphic scale assesses a person on the quality and quantity of his work (is he outstanding, above average, average, or unsatisfactory?) and on a variety of other factors that vary with the job but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication.

FIELD REVIEW

The field review is one of several techniques for doing this. A member of the personnel or central administrative staff meets with small groups of raters from each supervisory unit and goes over each employee's rating with them to (a) identify areas of inter-rater disagreement, (b) help the group arrive at a consensus, and (c) determine that each rater conceives the standards similarly.

FORCED-CHOICE RATING

Like the field review, this technique was developed to reduce bias and establish objective standards of comparison between individuals, but it does not involve the intervention of a third party.

MANAGEMENT BY OBJECTIVES

To avoid, or to deal with, the feeling that they are being judged by unfairly high standards, employees in some organizations are being asked to set - or help set - their own performance goals. Within the past five or six years, MBO has become something of a fad and is so familiar to most managers that I will not dwell on it here.

RANKING METHODS

For comparative purposes, particularly when it is necessary to compare people who work for different supervisors, individual statements, ratings, or appraisal forms are not particularly useful. Instead, it is necessary to recognize that comparisons involve an overall subjective judgment to which a host of additional facts and impressions must somehow be added. There is no single form or way to do this.

The best approach appears to be a ranking technique involving pooled judgment.

The two most effective methods are alternation ranking and paired comparison ranking.

1. "Alternation ranking":

Ranking of employees from best to worst on a trait or traits is another method for evaluating employees. Since it is usually easier to distinguish between the worst and the best employees than to rank them, an alternation ranking method is most popular. Here subordinates to be rated are listed and the names of those not well enough to rank are crossed. Then on a form as shown below, the employee who is highest on the characteristic being measured and the one who is the lowest are indicated. Then chose the next highest and the next lowest, alternating between highest and lowest until all the employees to be rated have been ranked.

2. "Paired-comparison ranking":

This technique is probably just as accurate as alternation ranking and might be more so. But with large numbers of employees it becomes extremely time consuming and cumbersome.

Both ranking techniques, particularly when combined with multiple rankings (i.e., when two or more people are asked to make independent rankings of the same work group and their lists are averaged), are among the best available for generating valid order-of-merit rankings for salary administration purposes.

ASSESSMENT CENTERS

So far, we have been talking about assessing past performance. What about the assessment of future performance or potential? In any placement decision and even more so in promotion decisions, some prediction of future performance is necessary. How can this kind of prediction be made most validly and most fairly?

360 DEGREE FEEDBACK

Many firms have expanded the idea of upward feedback into what they call 360-degree feedback. The feedback is generally used for training and development, rather than for pay increases.

Most 360 Degree Feedback system contains several common features. Appropriate parties – peers, supervisors, subordinates and customers, for instance – complete survey, questionnaires on an individual. 360 degree feedback is also known as the multi-rater feedback, whereby ratings are not given just by the next manager up in the organizational hierarchy, but also by peers and subordinates. Appropriate customer ratings are also included, along with the element of self appraisal. Once gathered in, the assessment from the various quarters are compared with one another and the results communicated to the manager concerned.

Another technique that is useful for coaching purposes is, of course, MBO. Like the critical incident method, it focuses on actual behavior and actual results, which can be discussed objectively and constructively, with little or no need for a supervisor to "play God."

Advantages

Instead of assuming traits, the MBO method concentrates on actual outcomes. If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance. Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities.

The guiding principle of the MBO approach is that direct results can be observed easily. The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance.

MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts, but to put all the parts together and the performance may be directly observed and measured.

Disadvantages

This approach can lead to unrealistic expectations about what can and cannot be reasonably accomplished. Supervisors and subordinates must have very good "reality checking" skills to use MBO appraisal methods. They will need these skills during the initial stage of objective setting, and for the purposes of self-auditing and self-monitoring.

Variable objectives may cause employee confusion. It is also possible that fluid objectives may be distorted to disguise or justify failures in performance.

Benefits of Performance Appraisals

- Measures an employee's performance.
- Helps in clarifying, defining, redefining priorities and objectives.
- Motivates the employee through achievement and feedback.
- Facilitates assessment and agreement of training needs.
- Helps in identification of personal strengths and weaknesses.
- Plays an important role in Personal career and succession planning.
- Clarifies team roles and facilitates team building.
- Plays major role in organizational training needs assessment and analysis.
- Improves understanding and relationship between the employee and the reporting manager and also helps in resolving confusions and misunderstandings.
- Plays an important tool for communicating the organization's philosophies, values, aims, strategies, priorities, etc among its employees.
- Helps in counseling and feedback.

Rating Errors in Performance Appraisals

Performance appraisals are subject to a wide variety of inaccuracies and biases referred to as 'rating errors'. These errors can seriously affect assessment results. Some of the most common rating errors are: -

Leniency or severity: - Leniency or severity on the part of the rater makes the assessment subjective. Subjective assessment defeats the very purpose of performance appraisal. Ratings are lenient for the following reasons:

- a) The rater may feel that anyone under his or her jurisdiction who is rated unfavorably will reflect poorly on his or her own worthiness.
- b) He/She may feel that a derogatory rating will be revealed to the ratee to detriment the relations between the rater and the ratee.
- c) He/She may rate leniently in order to win promotions for the subordinates and therefore, indirectly increase his/her hold over him.

Central tendency: - This occurs when employees are incorrectly rated near the average or middle of the scale. The attitude of the rater is to play safe. This safe playing attitude stems from certain doubts and anxieties, which the raters have been assessing the rates.

Halo error: - A halo error takes place when one aspect of an individual's performance influences the evaluation of the entire performance of the individual. The halo error occurs when an employee who works late constantly might be rated high on productivity and quality of output as well as on motivation. Similarly, an attractive or popular personality might be given a high overall rating. Rating employees separately on each of the performance measures and encouraging raters to guard against the halo effect are the two ways to reduce the halo effect.

Rater effect: -This includes favoritism, stereotyping, and hostility. Extensively high or low score are given only to certain individuals or groups based on the rater's attitude towards them and not on actual outcomes or behaviors; sex, age, race and friendship biases are examples of this type of error.

Primacy and Regency effects: - The rater's rating is heavily influenced either by behavior exhibited by the ratee during his early stage of the review period (primacy) or by the outcomes, or behavior exhibited by the ratee near the end of the review period (regency). For example, if a salesperson captures an important contract/sale just before the completion of the appraisal, the timing of the incident may inflate his or her standing, even though the overall performance of the sales person may not have been encouraging. One way of guarding against such an error is to ask the rater to consider the composite performance of the ratee and not to be influenced by one incident or an achievement.

Performance dimension order: - Two or more dimensions on a performance instrument follow each other and both describe or rotate to a similar quality. The rater rates the first dimensions accurately and then rates the second dimension to the first because of the proximity. If the dimensions had been arranged in a significantly different order, the ratings might have been different.

Spillover effect: - This refers to allowing past performance appraisal rating to unjustifiably influence current ratings. Past ratings, good or bad, result in similar rating for current period although the demonstrated behavior does not deserve the rating, good or bad.

ROLES IN THE PERFORMANCE APPRAISAL PROCESS

a) Reporting Manager

- Ø Provide feedback to the reviewer / HOD on the employees' behavioral traits indicated in the PMS Policy Manual
- Ø Ensures that employee is aware of the normalization / performance appraisal process
- Ø Address employee concerns / queries on performance rating, in consultation with the reviewer

b) Reviewer (Reporting Manager's Reporting Manager)

- Ø Discuss with the reporting managers on the behavioral traits of all the employees for whom he / she is the reviewer
- Ø Where required, independently assess employees for the said behavioral traits; such assessments might require collecting data directly from other relevant employees

c) HOD (In some cases, a reviewer may not be a HOD)

- Ø Presents the proposed Performance Rating for every employee of his / her function to the Normalization committee.
- Ø HOD also plays the role of a normalization committee member
- Ø Owns the performance rating of every employee in the department

d) HR Head

- Ø Secretary to the normalization committee
- Ø Assists HOD's / Reporting Managers in communicating the performance rating of all the employees

e) Normalization Committee

- Ø Decides on the final bell curve for each function in the respective Business Unit / Circle
- Ø Reviews the performance ratings proposed by the HOD's, specifically on the upward / downward shift in ratings, to ensure an unbiased relative ranking of employees on overall performance, and thus finalize the performance rating of each employee

KEY CONCEPTS IN PERFORMANCE MANAGEMENT SYSTEM

In order to understand the Performance Management System at Tata Motors , **some concepts** need to be explained which play a very important role in using the PMS successfully. They are:

- Ø **KRA'S (KEY RESULT AREAS):** The performance of an employee is largely dependent on the KRA score achieved by the employee during that particular year. Thus, it is necessary to answer a few basic questions i.e.
 - o What are the guidelines for setting the KRA's for an employee? o How does an employee write down his KRA's for a particular financial year? o

KRA's: The Four Perspectives.

 - o How is the KRA score calculated for an employee on the basis of the targets sets and targets achieved?
- Ø **BEHAVIORAL TRAITS:** Some of the qualitative aspects of an employees' performance combined with the general behavioral traits displayed by the employee during a year constitutes his behavior traits. An employee is assigned the rating on the basis of the intensity of the behavior displayed by him. They play a very important role in the deciding the final performance rating for an employee as is even capable of shifting the rating one level upwards/downwards.
- Ø **BHARTI 2010 LEADERSHIP COMPETENCY FRAMEWORK:** This competency framework is a simple and structured way to describe the elements of behaviors required to perform a role effectively. This framework also tries to assess the performance of an employee objectively.

- Ø **THE PERFORMANCE RATING PROCESS:** The rating process tries to explain the four different types of rating that an employee can achieve i.e. **EC, SC, C and PC**. It also explains the criteria, which is considered for awarding any of these ratings to the employee.
- Ø **PROMOTION AND RATING DISRTRIBUTION GUIDELINES:** The promotion and normal distribution guidelines provide the framework within which the performance appraisal process has to work. It is very important that the HR department pays due attention to these guidelines while preparing the bell curves for various functions and the consolidated bell curve for all the functions. These guidelines also help in deciding upon the promotion cases in a year.

PERFORMANCE RATING PROCESS

EXCEPTIONAL CONTRIBUTOR (EC)

- Performs consistently and substantially above expectations in all areas
- Achieves a final score greater than or equal to 115%
- Consistently delivers on stretch targets
- Is proactive
- Spots and anticipates problems, implements solutions
- Sees and exploits opportunities
- Delivers ahead of time
- Sees the wider picture-impacts across business
- Focuses on what's good for the business
- Seen as role model by others
- Recognized as exceptional by other functions as well
- Motivates others to solve problems
- Develops others
- Provides open and honest feedback
- Able to establish and lead cross-functional teams

SIGNIFICANT CONTRIBUTOR (SC)

- Performs above expectations in all areas
- Achieves final score between 100-114%
- Versatile in his/ her area of operation
- Develops creative solutions and require little / minimal supervision
- Sets examples for others
- Take ownership of own development
- Coaches others
- Demonstrates business initiative
- Is self motivated
- Supportive team player
- Leads own team very effectively
- Demonstrate functional initiative

Performance Appraisal In Tata Motors

Tata Motors Ideologies

VISION

“To be the world class corporate constantly furthering the interest of all stakeholder”.

HR VISION

Lead and Facilitate continuous change towards organizational excellence ; create a learning and vibrant organization with high sense of pride amongst its members

APPRAISAL & REWARD APPRAISAL

- New Appraisal System based on KRAs & Targets.
- Review of Targets at regular Intervals.
- People Development an important KRA

REWARD

- Promotions based on Performance.
- Productivity & Profit-linked Incentive Schemes.
- Training including Long-term Term

CAREER DESIGN

- Performance & Potential based Appraisals
- Fast Track Option for High-performers
- Promotions after Managers Vacancy based

- Interviews for promotions above Managers
- Selection of Supervisors:– Performance / Attendance / Discipline record– Written Test & Interview
- Job Rotation - including Inter-functional

RETENTION & EMPLOYEE WELFARE

- Residential Colonies for Employees
- Hospitalization Reimbursement – on actual without Ceiling
- Vehicle Loans
- Household Equipment Loans
- House Building Advance
- Annual Advance
- PF Trust – for better Mgt., Service & speedy redress
- Proposed MUL Pension Scheme

SUGGESTION SCHEME & QUALITY CIRCLES

- For better quality and productivity
- Through involvement of all employees and teamwork

Criteria

- Idea
- Efforts

- Result : Cost reduction / Q Improvement / Productivity Improvement **HR INITIATIVES**

- REALIGNING ORGANISATION CULTURE BASED ON NEW VISION & VALUES

- OBJECTIVE PERFORMANCE MANAGEMENT & DEVELOPMENT SYSTEM.

- PERFORMANCE LINKED REWARD AND RECOGNITION SYSTEM

- CAREER PLANNING & PROMOTION POLICY

- REVISED RECRUITMENT POLICY

- COMPETENCY MAPPING

- STRONG FOCUS ON TRAINING INITIATIVES- BUILD A LEARNING ORGANISATION- CONTINUOUS VALUE ADDITION TO PROFESSIONAL SKILL- CUSTOMISED TRAINING- TRAINING TO THE PERSONNEL OF BUSINESS PARTNERS

- INTERNAL COMMUNICATION

- UNION ALIGNMENT

- EMPLOYEE INVOLVMENT & PARTICIPATION

Tata Motors Appraisal System

A detailed discussion with HR head **Mrs. Monika Ahuja** of Tata Motors (lucknow branch), gave us the insight in the performance appraisal system followed in the company. The appraisal model which is followed on annual basis starting from the month of April till March has been extremely effective for the employees of Tata Motors.

Half yearly appraisal system, was started a year ago. This activity was started keeping in mind the dynamic behavior of the industry. With a half yearly appraisal system, the employee gets feedback twice a year, which gives him/her a chance to re-look at his/her approach of working. Necessary steps are also undertaken for employees who deviate from their goals. They have introduced a comprehensive system of quarterly appraisals" where an employee selects his/her own goals or Key Result Area (KRAs) every quarter and him/her self assesses his/her own performance against these parameters. At Spice jet while formally the process is annual, for several of the frontline employees, there are performance related quarterly payouts designed to reward them with incentives for their performance. This has resulted in quarterly assessments which are aligned overall to annual KRAs

Tata Motors have a midterm review for all those who have been performers, thereby creating an expectation amongst the employees of an increase in salary twice a year if they perform well. They used to have annual appraisals earlier, but then they felt that the incentives are not enough to motivation the sales department, which generates major revenues or the organization. they do give monetary increments and designation hikes, according to the performance. If the employee deserves both, they give him/her both the advantages otherwise at least one of them. Designation hikes are given annually. These are proportional to effort of the individual, team and the department. Designation changes are given keeping in mind the immense responsibility one has to shoulder in a high rank. Monetary increments are primarily incentives that are given either in cash or kind for example they give them travel package within India or outside. Also, they have an accumulating incentive scheme in which employees can accumulate incentives and get them annually with interest.

To meet the new demands of the business and to motivate the employees for higher performance, they have started linking a part of the salary increase to individual performance measures as variable pay. At present, between 6 to 8 percent of the compensation is variable pay, which they are planning to increase over a period of time. Executives are categorized in levels based on their performances in a relative ranking and based on outcome performance-linked pay is awarded..

Goal-Setting Model

A goal setting program in an organization requires careful planning. As shown in the figure, the first three factors in goal setting process are establishing the goal, achieving goal commitment, and overcoming resistance to goal acceptance. Goals can be established in a variety of ways. Best way is to set by joint participation between the employee and the supervisor. This method often leads to employee commitment, a crucial ingredient in effective goal setting.

Goal Setting

S.M.A.R.T.* Goals

- Specific – precise and detailed
- Measurable – with criteria for determining progress and success
- Achievable – attainable and action-oriented
- Realistic – relevant and aligned
- Time-related – grounded within a time-frame

For this purpose, an online template is circulated in the organization. Superiors fill out that form keeping in view the performance of their subordinate over the year. This feedback becomes the basis of the promotion of the employees.

Superior is responsible for categorizing the employees in four category, namely – A

B

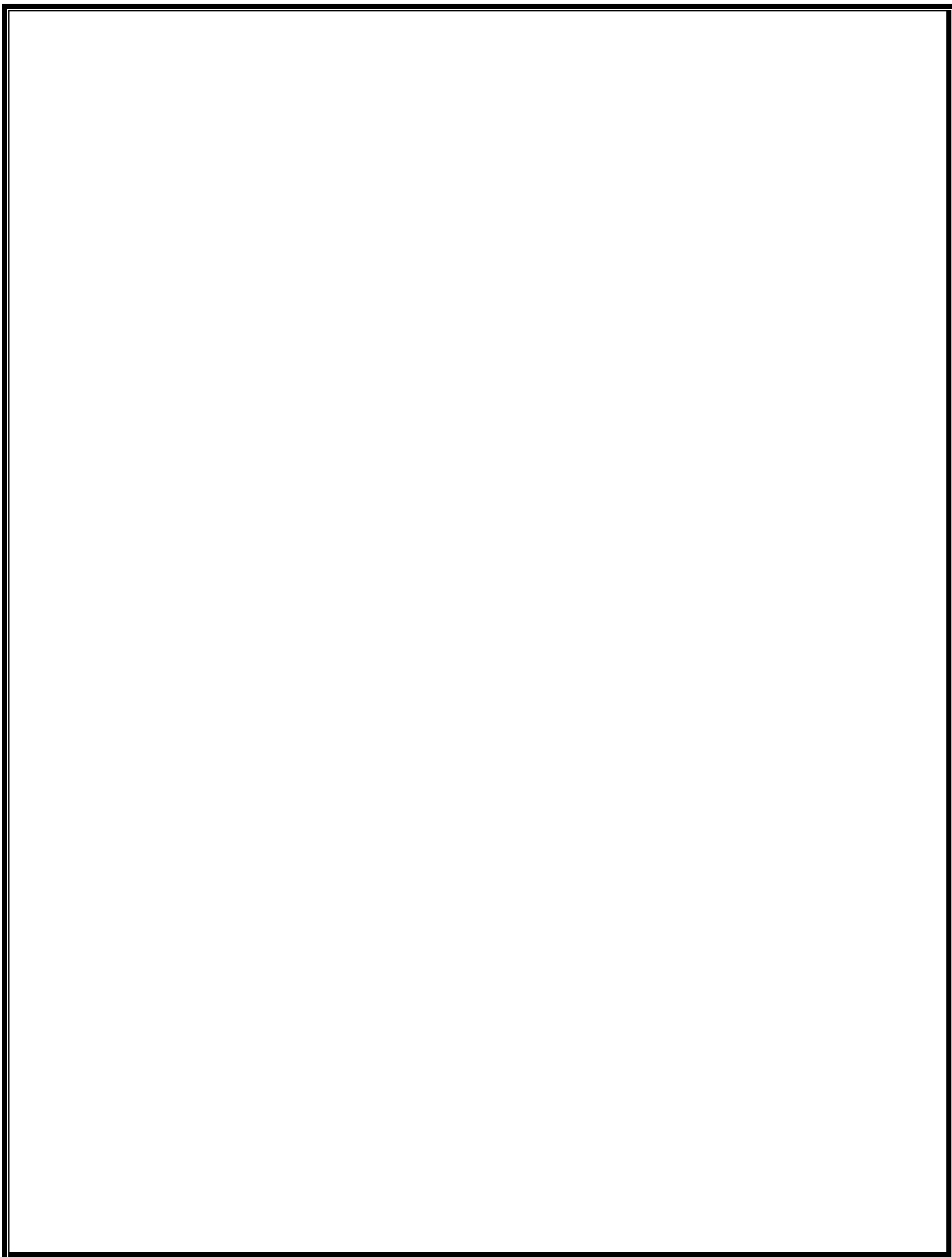
C

D

This categorization is done both on the basis of performance and the goals they were given.

This whole system is commonly known as

90 degree appraisal system also called 2 tiers.



RESEARCH

Abstract

Tata Motors is India's One of the most successful automobile company. It currently Employees 59,759 (2012) personnel , who are constantly evaluated and appraised . This Gives us the opportunity to study the performance appraisal method by the company and it's efficiency towards employees as well as Organization.

Objective of the Study :

To carry out the study at Tata Motors , we framed the following objectives

1. Identification of the technique of performance appraisal followed in Tata Motors .
2. Employee attitude towards the present appraisal system.
3. Review of the current appraisal system in order to
 1. Enhance productivity
 2. Attain global standards
4. To provide suggestions & recommendations from the study conducted.

Hypotheses of the Study

1. Performance Appraisal is not having positive effect on Tata motors employee on Lucknow Branch. (Ho)
2. Performance Appraisal Is having positive effect on Tata Motors Employees of Lucknow branch. (Ha)

RESEARCH METHODOLOGY :

The Study is Primarily Based on the Primary data Collected through Questionnaire from Tata Motors Employees.

SAMPLING PLAN:

Sample Size = 50 Employees

Sample Area = Chinhat , Lucknow Duration

= 6 weeks.

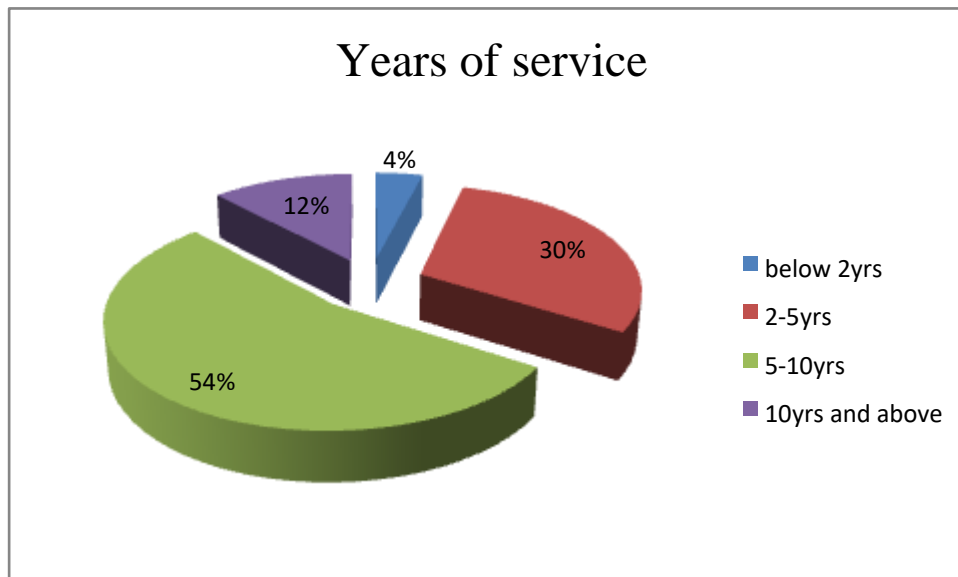
DATA COLLECTION:

Data Sources:

- (i) Secondary Data through Internet
- (ii) Primary Data through Questionnaire
- (iii) Contact Method
- (iv) Personal Interaction

Analysis and Interpretation

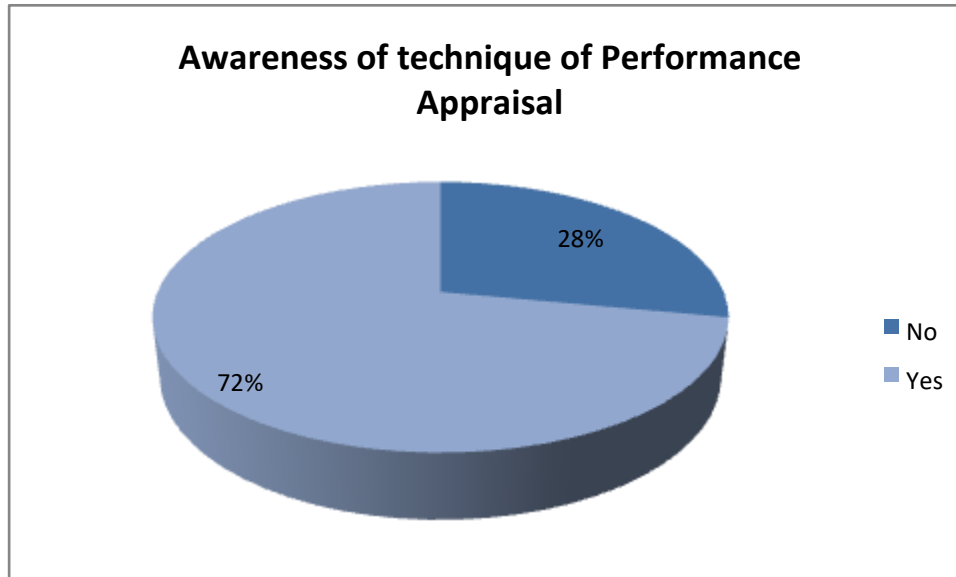
Q1-



Interpretation-

From the above pie chart we conclude that the maximum year of service of the employees of Tata Motors in Lucknow is maximum between 5-10 years(i.e 54%) and minimum is below 2years (i.e 4%).

Q2-

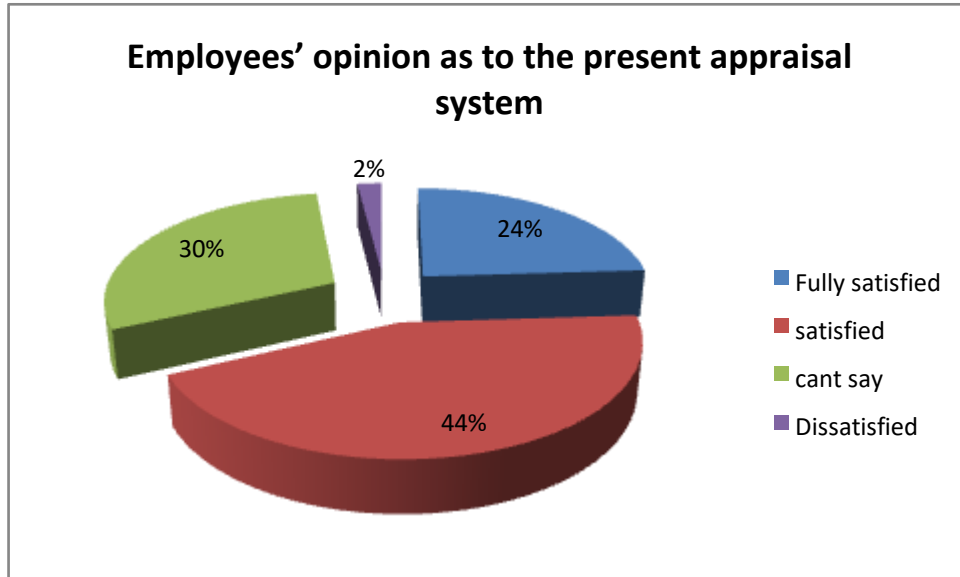


Options	No. of Responses
Yes	36
No	14

Interpretation-

From the above pie chart we conclude that maximum employees are aware of their performance appraisal technique (i.e 72%) and the employees not aware of it is minimum (i.e 28%)

Q3-

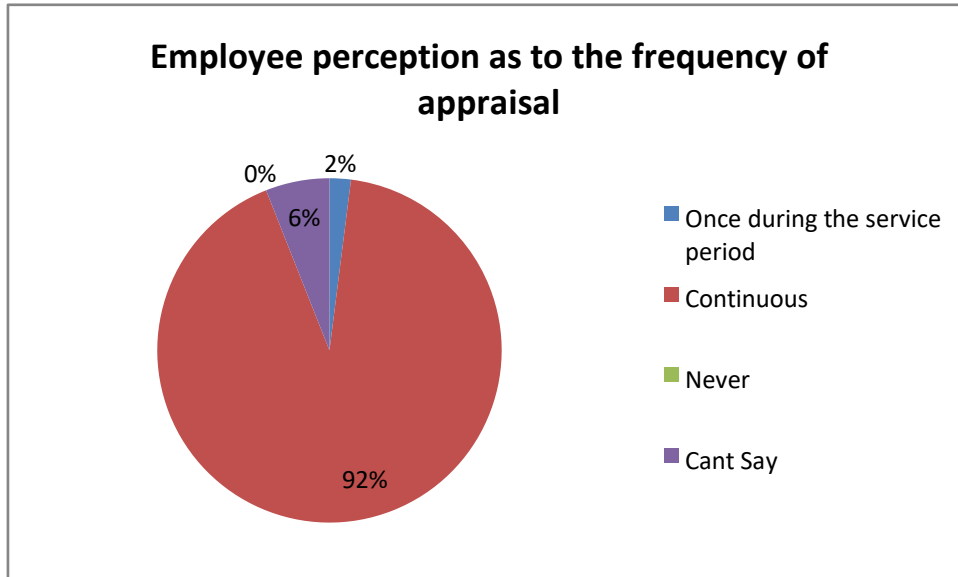


Options	No. of Responses
Fully Satisfied	12
Satisfied	22
Can't Say	15
Dissatisfied	1

Interpretation-

From the above pie chart we conclude that maximum employees are satisfied with the present appraisal system(i.e 44%) and minimum (i.e 2%) are dissatisfied.

Q4-



<u>Options</u>	<u>No. of Responses</u>
Once During The Service Period	1
Continuous	46
Never	0
Can't Say	3

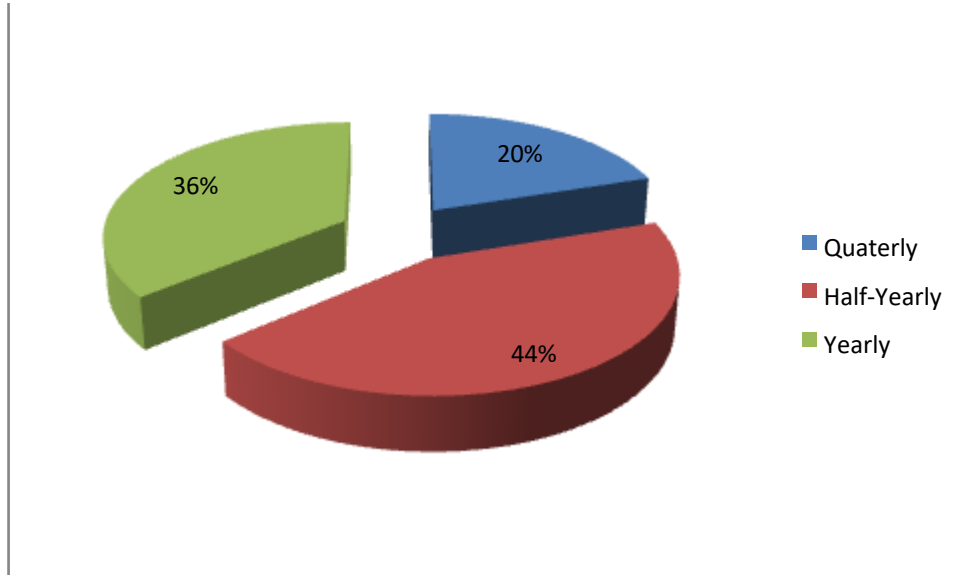
Interpretation-

From the above pie chart we find that the maximum (i.e 92%) of the employees think that the frequency of appraisal must be continuous whereas minimum (i.e 0%) none of the employees feel that Tata motors should not appraise.

Q5-

Q5-

If continuous appraisal – what should be the gap between two appraisal period



<u>Options</u>	<u>No. of Responses</u>
Quarterly	10
Half Yearly	22
Yearly	18

Interpretation-

From the above pie chart we conclude that maximum (i.e 44%) of the employees want to consider performance appraisal half yearly whereas minimum (i.e 20%) of them want it quarterly.

Q7-

Q6-

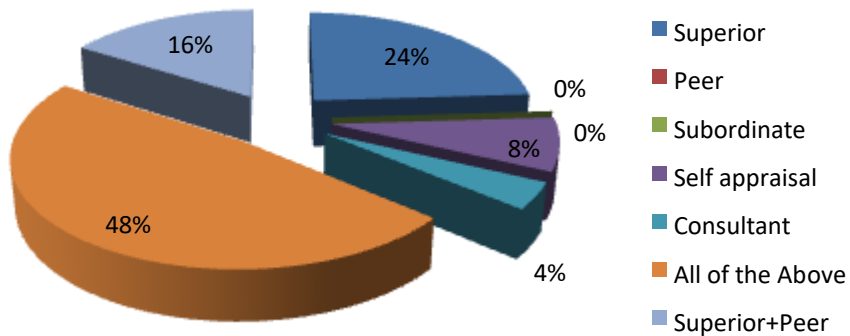
How Performance Appraisal affects the productivity of the employees

	<u>Motivated</u>	<u>Indifferent</u>	<u>Demotivated</u>
+ Feedback	38	12	-
- Feedback	12	10	28
Neutral	24	21	5

Interpretation-

- From the above chart we conclude that the affect of performance appraisal with a positive feedback and motivated results lead to maximum productivity of employees(i.e 76%) whereas none of the employees are demotivated.
- Giving negative feedback with demotivating results leads to minimum productivity of employees (i.e 56%) whereas minimum number of employees would be indifferent towards it.
- Giving a neutral feedback with motivating results leads to average productivity of employees (i.e 48%) whereas only a few lead to low productivity with demotivating results (i.e 10%)

Who should do the appraisal?



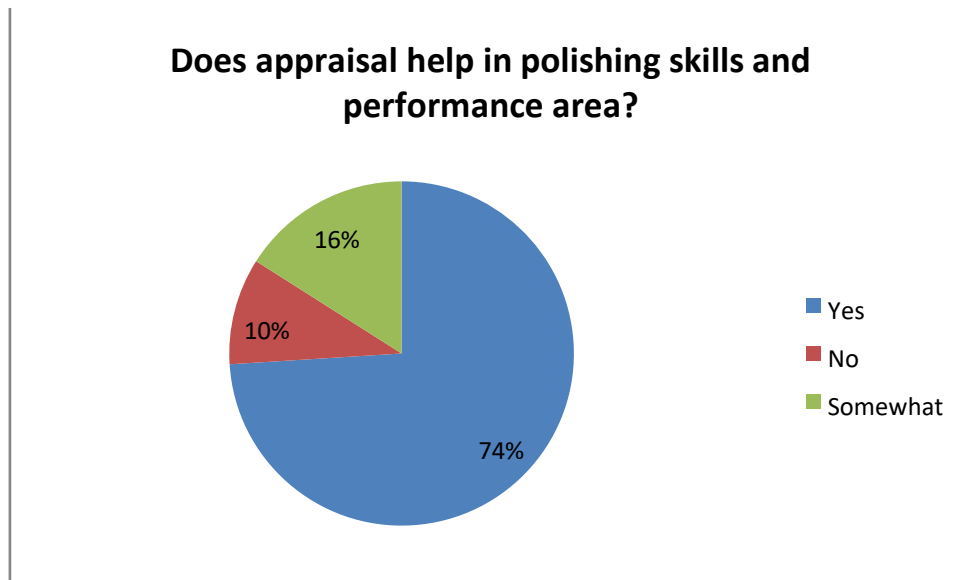
<u>Options</u>	<u>No. of Responses</u>
Superior	12
Peer	0
Subordinate	0
Self Appraisal	4
Consultant	2
All of the above	24
Superior + Peer	8

Interpretation-

From the above pie chart we conclude that the maximum employees (i.e 24%) want to get the appraisal through superior, self appraisal, consultant. Whereas none of them want to get it done from their peers and subordinates.

Q9-

Q8-

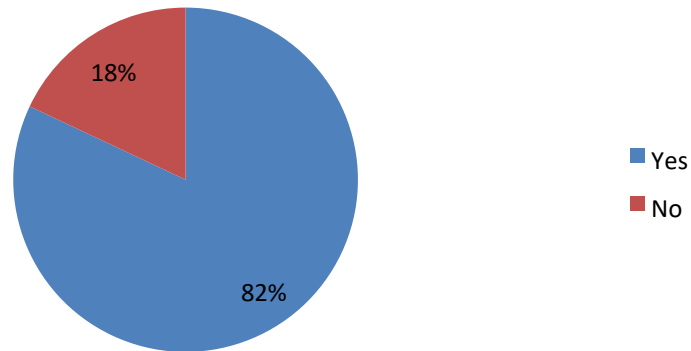


<u>Options</u>	<u>No. of Responses</u>
Yes	37
No	5
Somewhat	8

Interpretation-

If the process of appraisal does not lead to the improvement of the skills and proficiency of the employees, the very purpose of appraisal becomes illogical. In the survey conducted it was observed that nearly 74 % of the respondents agree that Performance Appraisal does leads to polishing the skills of the employees. Nearly 10 % of the respondents view that it does not serve this purpose and around 16 % were not able to respond as to whether it serve any such purposes or not.

Does personal bias creeps-in while appraising an employee



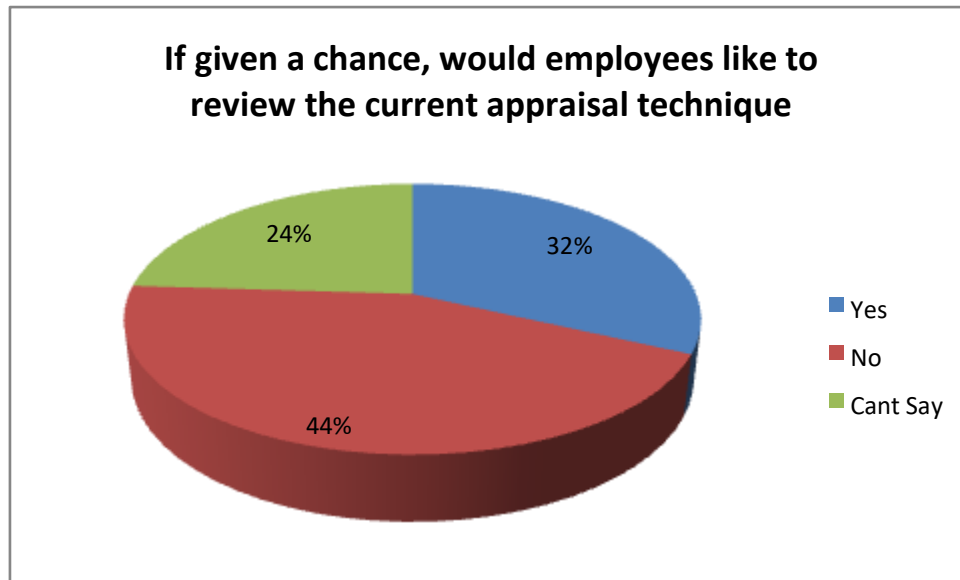
<u>Options</u>	<u>No. of Responses</u>
Yes	41
No	9

Interpretation-

In the process of appraising, both the parties are human being, that is, the one who is being appraised and the other who is appraising. Thus, there bound to be subjectivity involved, be it an objective way of appraising. Thus, when asked from among the sample size of 50 respondents, as huge as 82 % respondents that personal bias do creep in while appraising an individual. Hence, it is inevitable to say that personal likings do not come in the process of appraisal. It is the extent to which the appraiser manages it so that it does not become very partial and bias.

Q11-

Q10

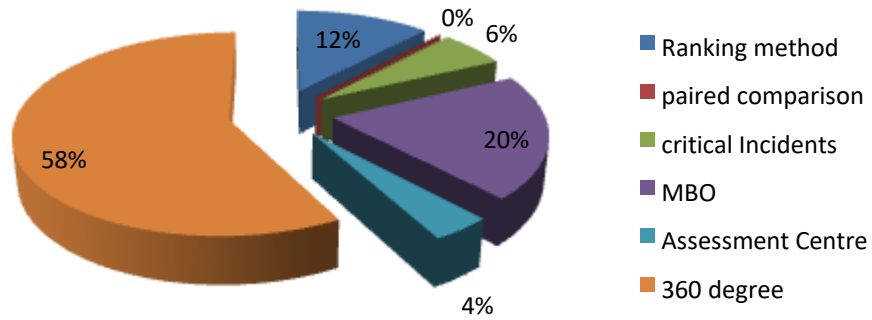


<u>Options</u>	<u>No. of Responses</u>
Yes	16
No	22
Can't Say	12

Interpretation-

From the above pie chart we conclude that the maximum employees (i.e 32%) do not want to review the performance appraisal system whereas minimum (i.e 24%) can't comment about the same.

Appropriate method of conducting the performance appraisal



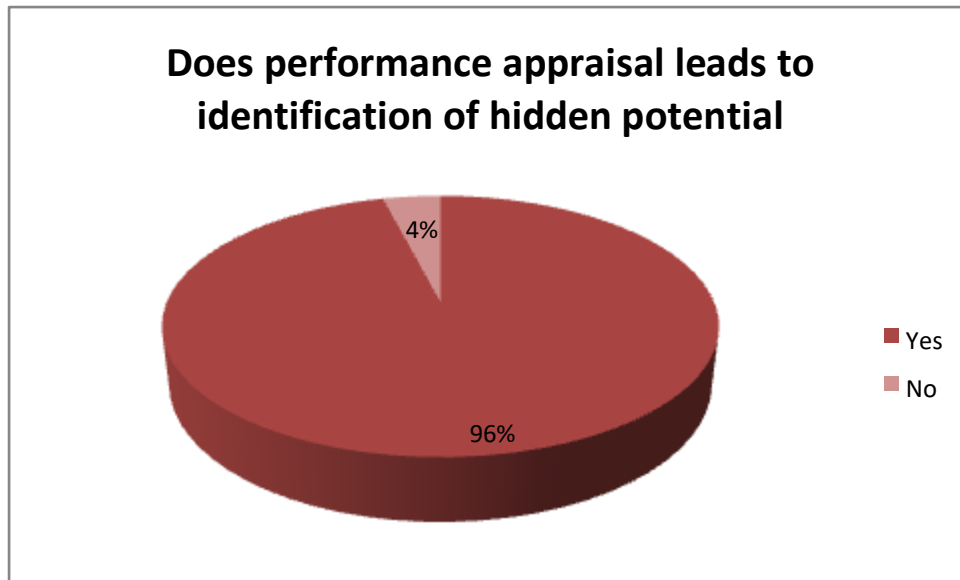
<u>Options</u>	<u>No. of Responses</u>
Ranking Method	6
Paired Comparison	0
Critical Incidents	3
MBO	10
Assessment Centre	2
360 degree	29

Interpretation-

From the above pie chart we conclude that the maximum (i.e 58%) of the employees prefer the 360 degree technique of performance appraisal whereas the minimum (i.e 0%) want paired comparison technique.

Q13-

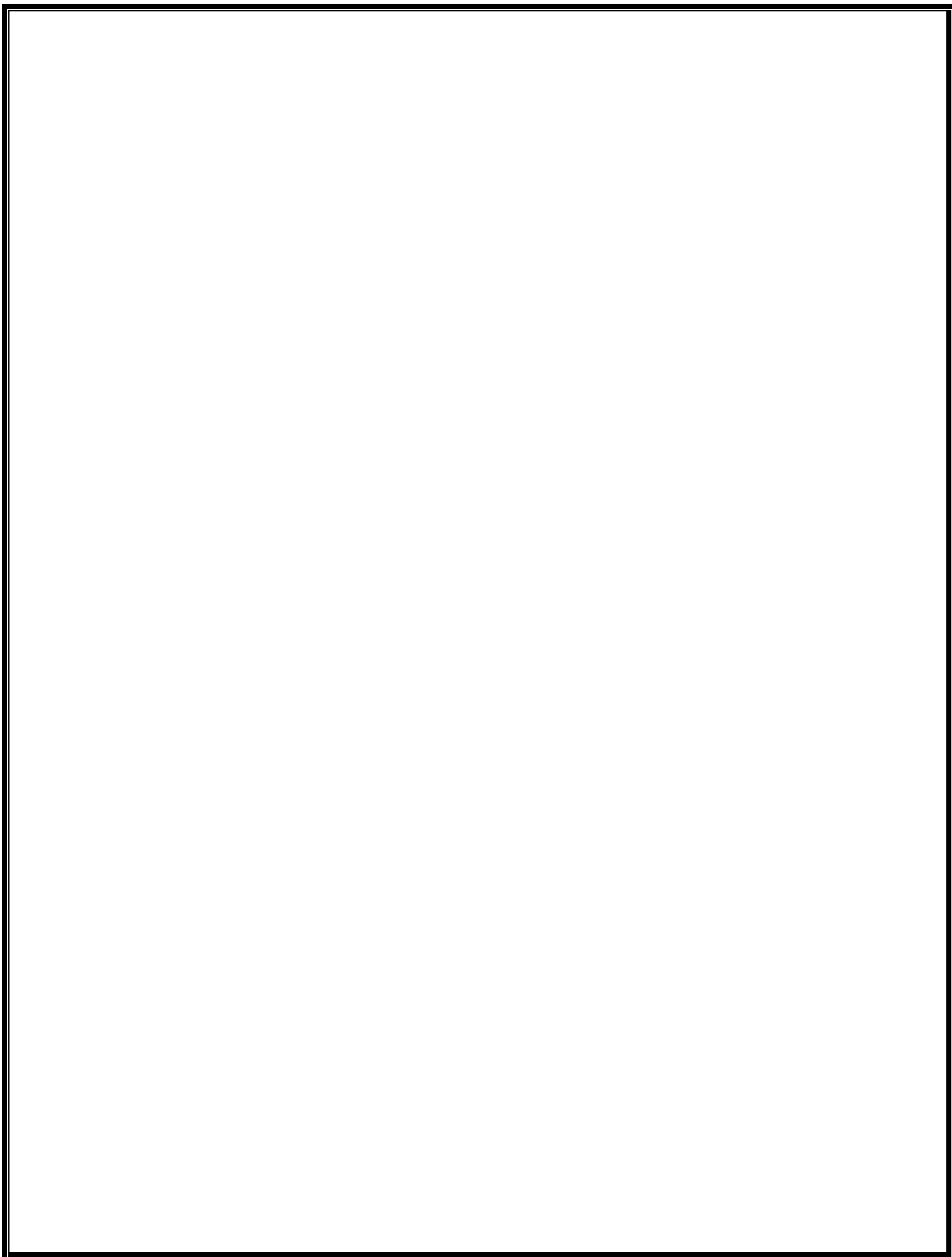
Q12-



<u>Options</u>	<u>No. of Responses</u>
Yes	48
No	2

Interpretation-

From the above pie chart we interpret that maximum (i.e 96%) of the employees feel that performance appraisal leads to identification of hidden potential whereas minimum (i.e 4%) disagree with the same.



SUGGESTIONS AND CONCLUSION

After having analyzed the data, it was observed that there was appraisal in the organization. It is an effective tool, since it is on continuous basis. Performance appraisals in Tata Motors is satisfactory for its effective management and evaluation of staff. Appraisals here are helping individuals to develop, improve organizational performance, and feed into business planning. Performance appraisals enable management in monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. 90degrees appraisal system or review is being followed in Tata Motors i.e feedback that comes from members of an employee's immediate work circle most often, 360-degree feedback will include direct feedback from an employee's subordinates, peers, and supervisor(s), as well as a self-evaluation. It can also include, in some cases, feedback from external sources, such as customers and suppliers or other interested stakeholders. The appraisal process is continuous here and encourages employee productivity with positive feedbacks.

Findings-

1. The very concept of performance appraisal is marketed throughout the organization, people have accepted it and understood its importance to the organization.
2. To market such a concept, it should not start at bottom, instead it should be started by the initiative of the top management. This would help in percolating down the concept to the advantage of all, which includes the top management as well as those below them. This means that the top management has to take a welcoming and positive approach towards the change that is intended to be brought.
3. Further, at the time of confirmation also, the appraisal form should not lead to duplication of any information. Instead, detailed appraisal of the employee's work must be done – which must incorporates both the work related as well as the other personal attributes that are important for work performance.
4. It should be noted that the appraisal form for each job position should be different as each job has different knowledge and skill requirements. There should not be a common appraisal form for every job position in the organization.

5. The job and role expected from the employees should be decided well in advance and that too with the consensus with them.
6. A neutral panel of people should do the appraisal and to avoid subjectivity to a marked extent, objective methods should be employed having quantifiable data.
7. The time period for conducting the appraisal should be revised, so that the exercise becomes a continuous phenomenon.
8. Transparency into the system should be ensured through the discussion about the employee's performance with the employee concerned and trying to find out the grey areas so that training can be implemented to improve on that.
9. The feedback doesn't Come from multiple source. It should to increase the efficiency.
- 10.Lack of Truth about Organization culture is conveyed through 90 degree of appraisal system. it should be overcome.
- 11.Superiors response tend to be bias, which make employees unsatisfied. Thus, a better system can be installed.
- 12.Linking, Findings to the rewards can prove to be unfair. Transparency should be bought in appraisal system.
- 13..Assesses denies the truth of negative feedback, as it's done by one person. More parties should be involved.
14. System can be used to humiliate people, if Employer and employee relations are not good.
15. Ignores performance in terms of reaching goals, which can be disastrous for the organization.

Ideally in the present day scenario, appraisal should be done, taking the views of all the concerned parties who have some bearing on the employee. But, since a change in the system is required, it cannot be a drastic one. It ought to be gradual and a change in the mindset of both the employees and the head is required.

QUESTIONNAIRE

Disclaimer: Your response via this questionnaire will be used strictly for academic purposes. There will not be any commercial solicitation or usage of the response in any kind / form whatsoever.

Q1- How long have you been with Tata Motors? (in Year)

- a) Below 2
- b) 2-5
- c) 5-10
- d) 10 and above

Q2- Are you aware of the performance appraisal technique being followed at Tata Motors?

- a) Yes
- b) No

Q3- What is your opinion as to the present appraisal system?

- a) Fully satisfied
- b) Satisfied
- c) Cant say
- d) Dissatisfied

Q4-What is your perception as to the frequency of appraisal?

- a) Once during the service period
- b) Continuous
- c) Never
- d) Cant Say

Q5-If continuous appraisal – what should be the gap between two appraisal period?

- a) Quarterly
- b) Half Yearly
- c) Yearly

Q6-Does Performance Appraisal helps in improving the productivity of the employees?

	<u>Motivated</u>	<u>Indifferent</u>	<u>Demotivated</u>
+ Feedback			
- Feedback			
Neutral			

Q7-Who in your opinion should appraise the employee?

- a) Superior
- b) Peer
- c) Subordinates
- d) Self Appraisal
- e) Consultant
- f) All of the above

Q8- Does the appraisal system helps in polishing the skills or performance area?

- a) Yes
- b) No
- c) Somewhat

Q9-Do you think personal bias creeps in while appraising an individual?

- a) Yes
- b) No

Q10-If given a chance or an opportunity would you like that the current appraisal procedure should be reviewed?

- a) Yes
- b) No
- c) Can't Say

Q11- What according to you should be the appropriate method for conducting performance appraisal?

- a) Rating the employee on number of traits along with the range of performance for each by the supervisor.
- b) For every trait, each subordinate is paired with and compared to every other Subordinate.
- c) Reviewing employees on the basis of identified specific examples of good Or poor performance.
- d) Setting specific measurable goals with each employee and periodically reviewing the progress made.
- e) Reviewing performance through case studies, presentations, role playing, etc. for future performance.
- f) Receiving feedback from people whose views are considered helpful and relevant including the appraise himself.

Q12- Does Performance Appraisal leads to identification of hidden potential of the employees?

- a) Yes
- b) No

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