



## Performance Appraisal in Tata Motors

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### Abstract:

Performance Appraisal is the organized analysis of the overall performance of employees and to realize the capabilities of an individual for further growth and development. Performance appraisal is generally done in systematic ways which are as The supervisors measure the pay of individuals and compare it with targets and plans. The supervisor examines the factors behind work performances of employees. The employers are in position to guide the employees for a much better performance. in this paper we will discuss about the performance appraisal in Tata motors.

### Key Words:

Performance Appraisal, overall performance, work performances.

### Preface:

Performance Appraisal may be accomplished with following objectives in mind: To maintain records in order to determine compensation packages, salary structure, wages raises, etc. To recognize the strengths and weaknesses of employees to place right men on appropriate job. To maintain and assess the potential present in a person for further growth and improvement. To give a feedback to employees regarding their performance and related status. To provide a suggestion to employees regarding their overall performance and related status. It serves as a basis for impacting on working behavior of the workers. To evaluate and maintain the promotional and other training programmes. Advantages of Performance Appraisal It will be said that performance appraisal is an investment for the organization which can be justified by following advantages:

### Promotion:

Performance Appraisal assist the supervisors to chalk out the promotion programmes for effective employees. In this regards, inefficient workers can be dismissed or demoted in the case.

### Compensation:

Performance Appraisal helps in chalking out compensation packages for employees. Merit ranking is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high wage rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

### Employees Development:

The methodical procedure of performance appraisal helps the supervisors to framework training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient workers. It also helps in framing future development programmes.

### Selection Validation:

Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

### Communication:

For an organization, effective communication between employees and employers is very important.



Through performance appraisal, communication can be sought for in the following ways: Through performance appraisal, the employers can understand and accept skills of subordinates. The subordinates can also understand and create a trust and confidence in superiors. It also helps in maintaining cordial and congenial labour management relationship. It develops the spirit of work and boosts the morale of employees. All the above factors ensure effective communication.

### **Motivation:**

Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

### **Review of Literature: PERFORMANCE APPRAISAL LITERATURE REVIEW**

The amount of research regarding the topic "Performance Appraisal" is so vast. The topic is literally not new; it is as old as the formation of the organizations. Before the early 1980's, majority of theoretical studies emphasized on revamping the rating system within the organization. The actions were a great thing to reduce the chaotic of employee's performance appraisal (Feldman, 1981). With the passage of the time the methods and rating system among the employees got enhanced and received an immense appreciation and attentions of the managers. Behavioral Observation Scale (BOS) is one of the best techniques utilized by the managers to rate the employees. The dilemma was on the peak in the 1960s and 1970s. In the same period couple of new innovated rating scales were introduced, which was Behaviorally Anchored Rating Scale (BARS) and the Mixed Standard Scale (MSS). The innovations were dominant one which condensed the errors and improved the observation skills from the performance appraisal practice.

According to the research of Arvey and Murphy (1998), there were hundreds of thousands of researches had been taken place between the periods of 1950 to 1980, which merely focused on the different types of rating scales. Landy and Farr (1980) reviewed and researched the methods of performance appraisal in totally a different manner, in which they understand the rater and process in an organizational context. Other Performance appraisal reports include the rater characteristics in their report like race, gender and likeability. After the year 1980 the biasness among the performance appraisal system occurred outrageously and appraisal had been granted on the favoritism or race and gender basis rather examined the knowledge, skills and style of the work of the employee. The accuracy criteria among the performance appraisal system clutched its grip in the start of the 1980s, where the researches were emphasized on common psychometric biases which include the diversified rating errors like leniency, central tendency and halo, which were termed as rating errors in the appraisal method.

It has been observed that the bias free appraisals were inevitably true or more precisely we can say more accurate, but the concept was totally refused by the research of Hulin in 1982. According to them the biasfree appraisals were not necessarily accurate (Murphy & Balzer, 1989). Researches which had been done in the year 1980 were found the most dominating one which contributed the appraisal system in a great deal. The researches of the 1980 also helped out to clarify some presumed assumptions regarding the performance appraisal, just like the work of Murphy (1982). Research has included the measure of employee attitudes towards the system of performance appraisal and its acceptance (Roberts, 1990). Bernardian and Beatty (1984), suggested in their research that behavioral and attitudinal kinds of measure ultimately prove to be better anticipator as compared with the traditional psychometric variables, which we have declared earlier as well, like leniency,



halo and discriminability. A Performance Appraisal system is totally ineffective in practice due to the dearth of approval from the end users (Roberts, 1990). According to a number of researchers, the enhanced and upgraded performance appraisal procedure and method will enhance the satisfaction level of the employees and definitely will improve the process of goal setting within the organization.

### Need for the Study:

Performance Appraisal is the organized analysis of the overall performance of employees in this paper we will discuss about the performance appraisal in TATA MOTORS.

### Objective:

To study the performance appraisal in tata motors.

### Methodology:

This paper mainly based on secondary data .The articles which are published in the area of performance appraisal and information from TATA MOTORS WEBSITE.

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. Tata entered the commercial vehicle sector in 1954 after forming a joint venture with Daimler-Benz 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**. 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





## 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

## 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 categories, 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.

#### **Conclusion:**

TATA motors has been implementing Performance Appraisal which is helpful in 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 applies appraisal & reward appraisal, reward, career design, retention and employee welfare. Quality circle in their organization to motivate employees.

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