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Research Paper

THE ROLE OF PERFORMANCE APPRAISALS IN TALENT MANAGEMENT: ALIGNING INDIVIDUAL GOALS WITH ORGANIZATIONAL OBJECTIVES WITH REFERENCE TO HERO

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ABSTARCT

An organization's performance assessment is a tool for systematically evaluating workers, pinpointing their areas of strength and growth, and offering constructive criticism. Improving employee productivity, facilitating decision-making about promotions, awards, and training requirements, and ensuring that individual contributions are in line with company objectives are all vital functions it supports. Rating scales, self-evaluations, 360-degree feedback, and management by objectives (MBO) are some of the performance appraisal methodologies included in this research. In order to keep employees trusting and motivated, it also looks at how important it is for the evaluation process to be fair, consistent, and transparent. The abstract discusses the difficulties that businesses have when trying to create an effective assessment system, including issues like prejudice, lack of uniformity, and poor follow-up. It then offers suggestions on how to overcome these hurdles. Continuous performance improvement is the key to corporate success, and a well-designed performance assessment does just that by encouraging employee development.

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I. INTRODUCTION**INTRODUCTION OF THE STUDY**

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 appraisal system functions as definitions of performance.

Performance appraisal 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.

NEED FOR THE STUDY:

The need of the performance appraisal 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 bride gaps and improve performance over a period of time.

OBJECTIVES:

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

The aim of most performance appraisal 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.

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 employs.

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.

II. REVIEW OF THE LITERATURE PERFORMANCE APPRAISAL

Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance appraisal is the step where the management finds out how effective it has been hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and remedy them.

Performance appraisal or merit rating is one of the oldest and most universal

practices of management. Performance appraisal often provides the rational foundation for the payment of piecework wages, bonus etc. the estimates of the relative contributions of employees help to determine the rewards and privileges rationally.

Performance appraisal serves as means for evaluating the effectiveness of devices used for the selection and classification of workers.

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and increases.

According to Ronald Benjamin, “performance appraisal determines who shall receive merit increases, counsel’s employee’s ob their improvement determines training needs, determines promotability, identifies those who should be transferred”.

METHODS, TECHNIQUES FOR APPRAISING PERFORMANCE

Several methods and techniques of appraisal are available for measuring the performance of an employee. They are:

1. Straight rank method
2. Man to man comparison method
3. Grading
4. Graphic rating method
5. Forced choice description method
6. Forced distribution method
7. Checklists
8. Free from easy method
9. Critical incidents
10. Group appraisal
11. Field review method

Modern Methods:

1. Assessment center
2. Appraisal by results or management by objectives
3. Human asset accounting method

4. Behaviorally anchored rating sales

TRADITIONAL METHODS

1. Straight Rank Method:

It is the oldest & simplest method of performance appraisal, by which the man and his performance are considered as an entity by the rater. Then ranking of a man in work group is done against may also do that of another member of a competitive group by placing him as one or two or three in total group, i.e. persons are tested in order of merit and place in a simple grouping.

2. Man –To-man Comparison Method:

The USA army during the FIRST WORLD WAR used this technique. By this method, certain factors are selected for the purpose of analysis and a scale is designed by the rater for each factor. A scale of man is also created for each selected factor. The each man to be rated is compared with in the scale, and certain scores for each factor are awarded to him. This method is used in job evaluation, and is known as the factor comparison method.

3. Grading Method:

Under this system, the rater considers certain features and marks them accordingly to a scale. The selected features may be analytical ability, cooperativeness, dependability, self-expression, job knowledge, judgment, leadership and organizing ability, etc. they may be

A – Outstanding,

B – Very good,

C – Good or average,

D – Fair,

E – Poor,

-B (or B-) very poor or hopeless.

The actual performance of an employee is then compared with these grade definitions; such type of grading is done in semester examinations and also in the selection of candidates by the public service commissions.

4. Graphic or Linear Rating scale:

This is most commonly used method of performance appraisal. Under it, a printed forms one of each person to be rated. According to juices, these factors are employee characteristics ad employee contribution. In employee characteristics are included such qualities and initiative, leadership, cooperativeness, dependability, industry, attitude, enthusiasm, loyalty, creative ability, decisiveness, analytical ability, emotional ability and co-ordination. In the employee contribution are quantity and quality of work, the responsibility assumed specific goals achieved regularity of attendance, leadership offered, attitude towards supervisors and associates, versatility etc.

The rating scale method is easy to understand and easy to use, and permits a statistical tabulation of scores. A ready comparison of scores among the employees is possible.

5. Forced Choice Description Method:

This method was evolved after great deal of research conducted for military services during World War II. It attempts to correct a rater's tendency to give consistently high or consistently low ratings to all employees. The use of this method calls for objective reporting and minimum subjective judgment. Under this method the rating elements are several sets of pair phrases or adjectives (usually sets of four phrases two of which are positive, two negative) relating to job proficiency Or personal qualifications. The rater is asked to indicate which of the four phrases is most and least descriptive of the employee.

MODERN METHOD OF APPRAISAL:

1) Appraisal by Results Management by Objectives(MBO):

Peter ducker has evolved this method. MBO is potentially a powerful philosophy of managing and an effective way for operationlising the evaluation process. It seeks to minimize external controls and

maximize internal motivation through joint goal setting between the managers and subordinate and increasing the subordinate’s own control of the work. It strongly reinforces the importance of allowing the subordinate to participate actively in the decisions that affect him directly. Management by objectives can be described as a process where by the supervisor and subordinate managers of an organization jointly identify its common goals, define each individuals major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.

Objectives of MBO:

MBO has an objective in itself. The objective is to change behaviour and attitudes towards the affecting getting the job done. In other words, it is result oriented; it is performance that counts. It is a management system and philosophy that stresses goals rather has methods. It provides responsibility and accountability and recognizes that employees have needs for achievement and self-fulfillment. It meets These needs by providing opportunities for participation goals setting process. Sub ordinates become involved in planning their own careers.

MBO Process:

This method emphasizes the value of the present and the future instead of that of the past, and focuses attention on the results that are accomplished and not on personal traits or operational methodology. An employee is not

judged in terms of operational methodology, or in terms of initiative, cooperativeness, attitude, emotional stability, or any other human quality, but on the basis of the achievement of the targets that have been set. This method is largely applied to technical, professional, supervisory or execute personnel and not to the hourly paid workers because their jobs are usually too restricted.

Under MBO programme, an employee and his supervisory meet and together define, establish and set certain goals or objectives which the employee would attempt to achieve within the period of, prescribed time.

It consists of five basic steps:

- Set organizational goals i.e., establishment of an organization wide strategy and goals.
- Joint goals setting i.e., establishment of short term performance targets between the management and the subordinate in a conference between them.
- Performance review i.e., frequent performance review meetings between the manager and the subordinate.
- Set check points i.e., establishment of major check points to measure progress.
- Feed back.

III. DATA ANALYSIS AND INTERPRETATION

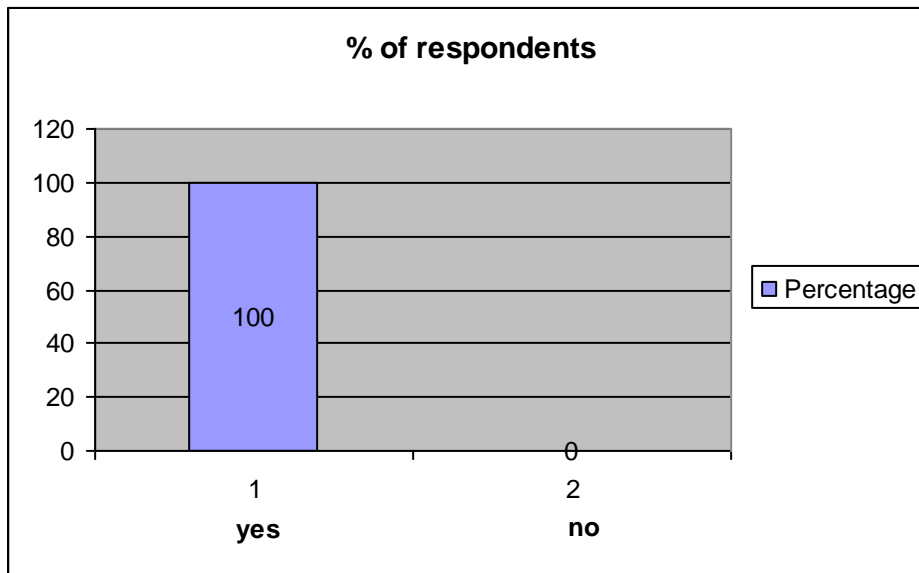
Data analysis has been done by arranging the data in a simple table form and percentages are calculated. The quantitative data has been represented by drawing out the charts where ever necessary.

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



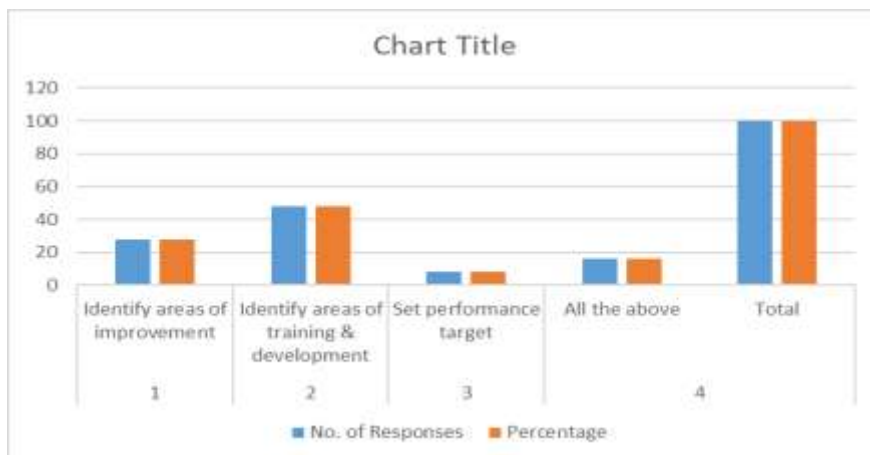
Interpretation:

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



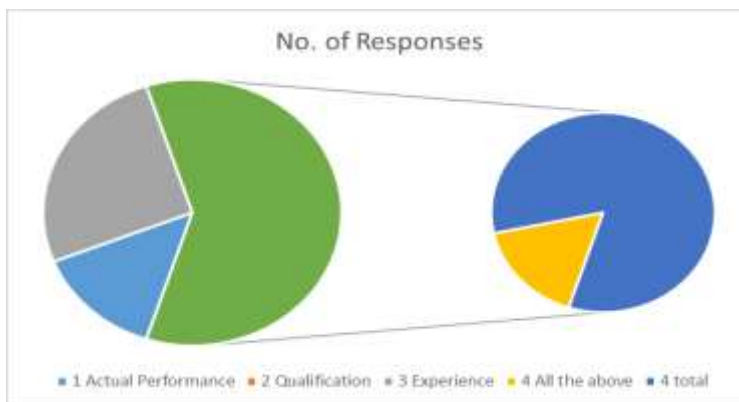
Interpretation:

About the usefulness 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



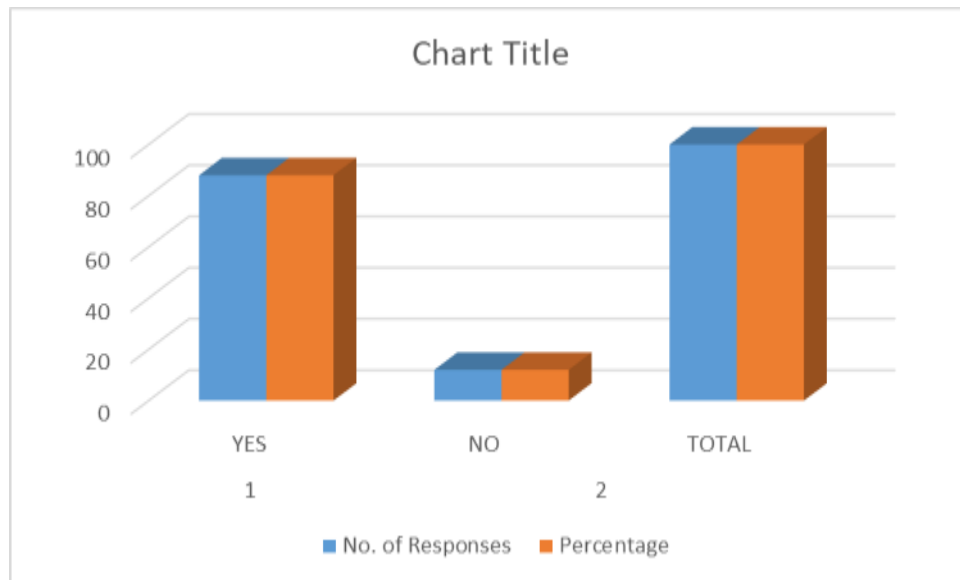
Interpretation:

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



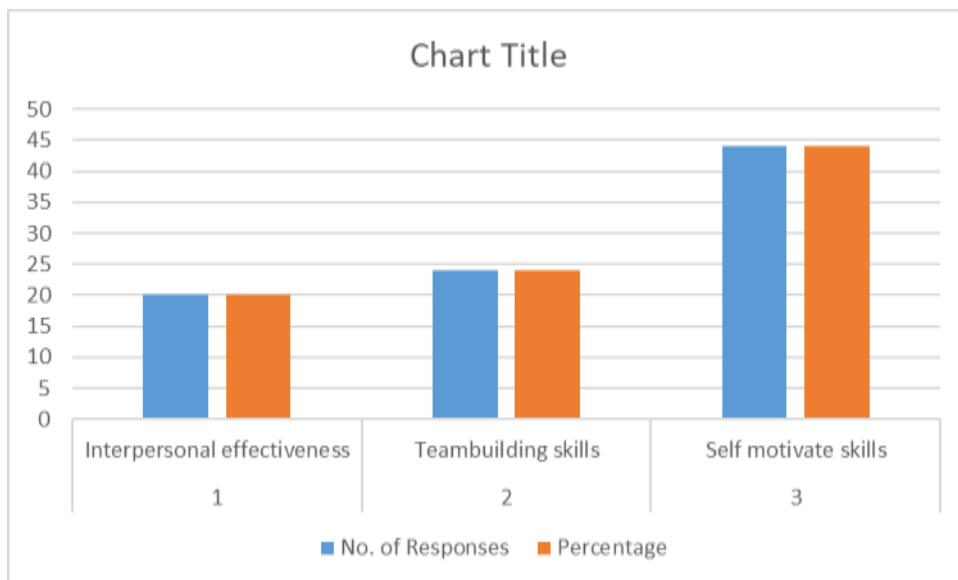
Interpretation:

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



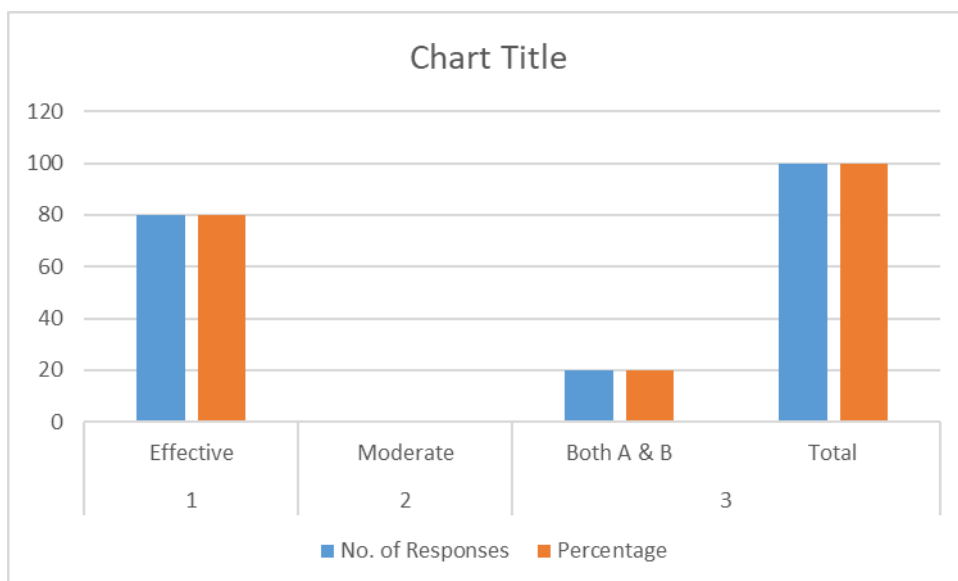
Interpretation:

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.

6. In your opinion an employee should be:

- (a) Effective
- (b) Moderate
- (c) Both A & B

s.no	Options	No. of Responses	Percentage
1	Effective	80	80
2	Moderate	0	0
3	Both A & B	20	20
	Total	100	100



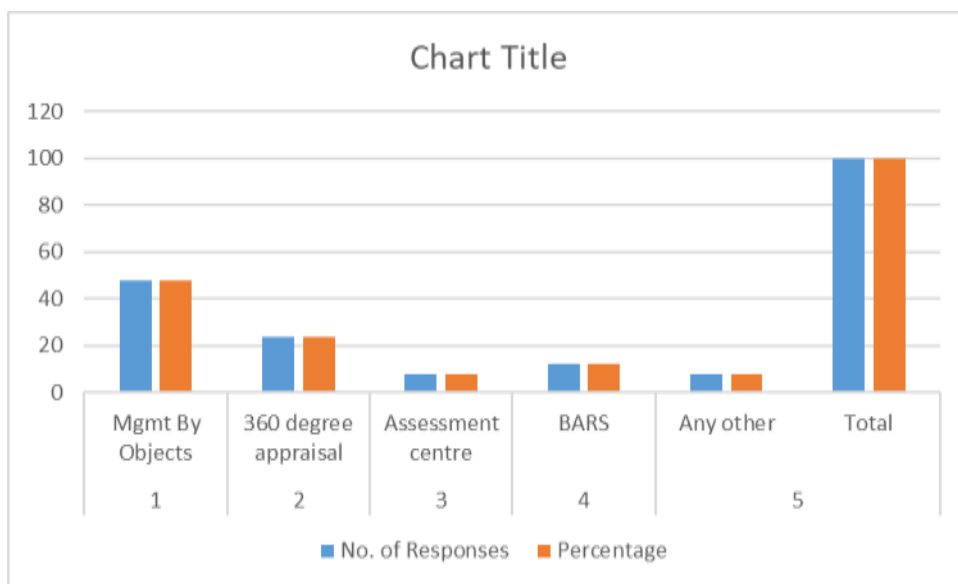
Interpretation:

About 80% of the employees opinion is that the employee should be effective and rest 20% of the employees opinion is that the employee should be effective and moderate.

7. Which method you are using for evaluating Performance?

- (a) MBO (b) 360 degree appraisal (c) Assessment centre
- (d) BARS (e) Any other

s.no	Options	No. of Responses	Percentage
1	Mgmt By Objects	48	48
2	360 degree appraisal	24	24
3	Assessment centre	8	8
4	BARS	12	12
5	Any other	8	8
	Total	100	100



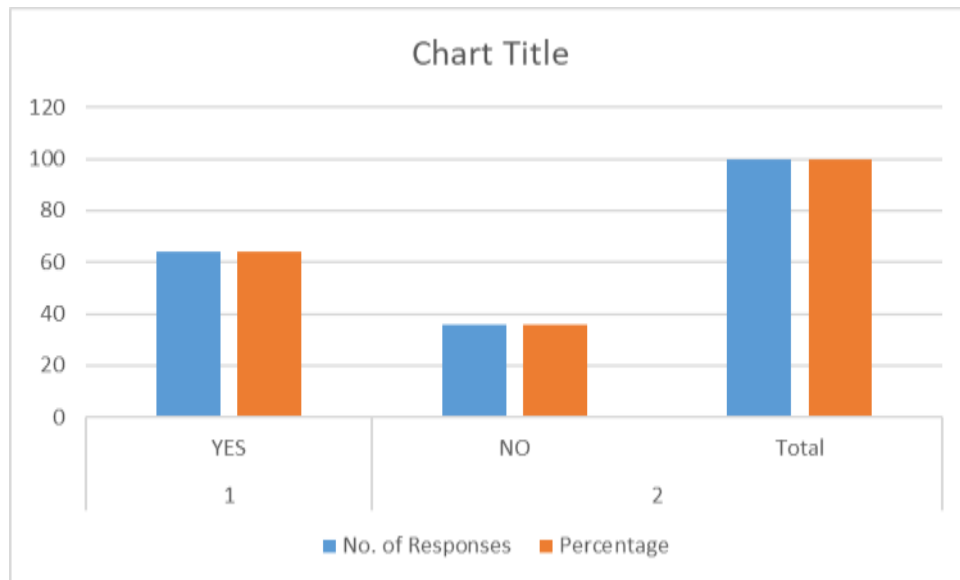
Interpretation:

About 48% of the employees using Mgmt by objects method for evaluating Performance, 24% of the employees using 360 degree appraisal, 8% of the employees using Assessment centre, 12% of the employees using BARS, 8% of the employees using other method.

8. Is Appraisal process expensive and time consuming?

- (a) YES (b) NO

s.no	Options	No. of Responses	Percentage
1	YES	64	64
2	NO	36	36
	Total	100	100



Interpretation:

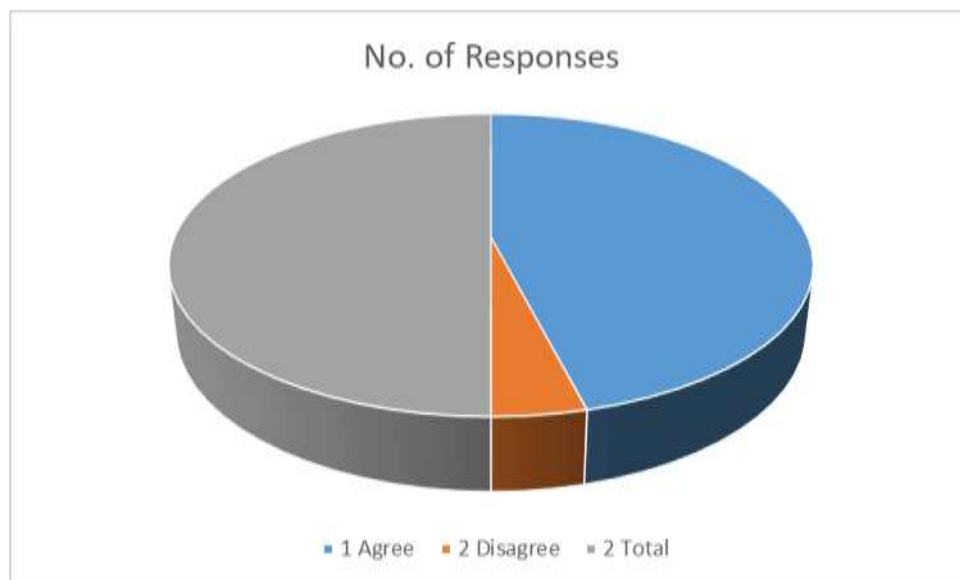
About 64% of the respondents said that the performance appraisal is expensive and time consuming. And 36% of the respondents said that the Performance appraisal is not expensive and time consuming.

9. Do you agree with the assessment of your reviewing/reporting officers?

(a) Agree

(b) Disagree

s.no	Options	No. of Responses	Percentage
1	Agree	92	92
2	Disagree	8	8
	Total	100	100



Interpretation:

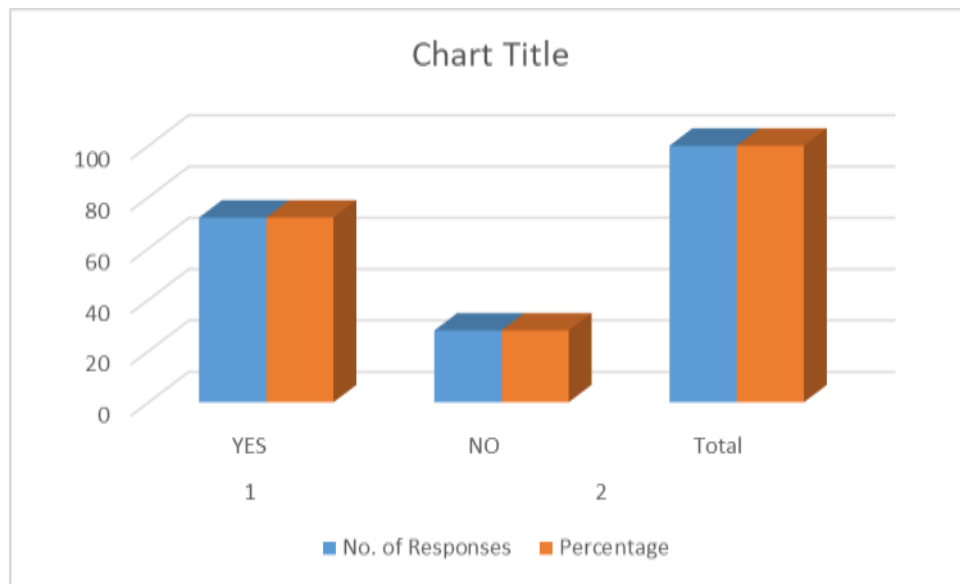
Majority of 92% of the employees responded that reporting officer was good at grading the performance. Nearly 8% were disagreeing his duties as per the guidelines laid down.

10. Do you want any change in frequent between the appraisals?

(a) YES

(b) NO

s.no	Options	No. of Responses	Percentage
1	YES	72	72
2	NO	28	28
	Total	100	100



Interpretation:

About 72% of the employees want to change in frequent between the appraisals. And 28% of the employees don't want to change between the appraisals.

IV. FINDINGS

- In the light of the above discussion the following findings are made.
- 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.
- 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.
- The management was giving requisite training to workers in the areas where they are weak.
- Workers awareness about the fact that the appraisal are one of the factor for promotion was cent percent.
- 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.
- The management desire having cordial relations with the work to hold mutual discussions.
- 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.

V. CONCLUSION

1. Evaluating tools should strive for clarity rather than intricacy; job analyses provide the basis for this.
2. Training on the systems is provided to all staff members, including managers.
3. Thirdly, performance reviews are grounded on accurate job descriptions and are generated from actual, quantifiable results.
4. There is no risk of injury since evaluations take place in a controlled setting.
5. The early results have been shared with the rate.
6. One supervisor cannot dictate an employee's career path since there is a system in place for appeals and some kind of higher-level assessment.
7. Support for remedial coaching and performance counseling is accessible.
8. Despite the fact that many systems may fall short, remember that assessments mostly revolve on system design. The technique and the data it generates are problematic in and of itself since evaluation is based on subjective human judgment.
9. In the future, there will be major shifts in the complexity or simplicity of personnel assessment. We may anticipate that organizational downsizing and staff changes will make evaluations more challenging if the long-standing trend toward person-centered assessments persists. It will be far more difficult to work in an online setting that does not take into account time or place.

VI. 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.

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PHOENIX MOTORS PVT

LTDPERSONNEL MANUAL

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