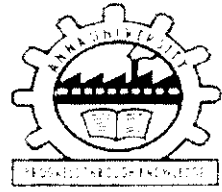# A STUDY ON THE EFFECTIVENESS OF THE PERFORMANCE APPRAISAL SYSTEM AT TITAN INDUSTRIES LIMITED, HOSUR
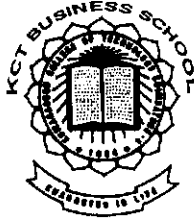
SUMMER PROJECT REPORT
Submitted to the
Faculty Of Management Sciences, Anna University
In partial fulfillment of the requirement
For the award of the degree of
MASTER OF BUSINESS ADMINISTRATION

By

V.KARTHIKEYAN
Reg No: 71205631024

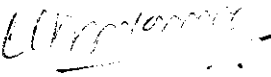October 2006
DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE - 641006

DEPARTMENT OF MANAGEMENT STUDIES

KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE

BONAFIDE CERTIFICATE

Certified that this project titled "A **Study on the Effectiveness of the Performance**

Appraisal System" at Titan Industries Limited, Hosur is the bonafide work of

Mr. V. KARTHIKEYAN (Reg no: 71205631024) who carried out this research under

my supervision. Certified further that to the best of my knowledge the work reported

herein does not form part of any other project report or dissertation on the basis of which

a degree or award was conferred on an earlier occasion on this or any other candidate.

K.R. AYYASAMY
Faculty Guide

Prof. S. GANESAN
Director

Evaluated and viva-voce conducted on...

Examiner I

Examiner II

DECLARATION

I, hereby declare that this project report entitled as "A Study on the Effectiveness of the Performance Appraisal System" at Titan Industries Limited, Hosur has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Prof. K. R. Ayyasamy during the academic year 2006 – 2007.

I, also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

(V.KARTHIKEYAN)

Place: Coimbatore

Date: 06/10/06

TITAN INDUSTRIES LIMITED

PROJ/CER/2006   August 2nd, 2006

CERTIFICATE

This is to certify that **Mr.V.Karthikeyan** First year student of *MBA, Kumaraguru college of Technology, Coimbatore* has completed his project titled **"Study on Effectiveness of Performance Appraisal System in Titan"** at Personnel Department of Watch Division, Hosur from 3rd July 2006 to 29th July 2006.

During the period, his Performance and Conduct were good.

for **TITAN INDUSTRIES LIMITED**

Bhalajie R

R.BHALAJIE
MANAGER – HUMAN RESOURCES

ACKNOWLEDGEMENT

It is inevitable that thoughts and ideas of other people tend to drift into the subconscious when one feels to acknowledge helping derived from others. I acknowledge to all those who have helped me in the preparation of this project work.

I wish to express my deep gratitude to the principal Prof. Joseph V. Thanikal for his guidance and encouragement to complete my project work.

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I owe my heartfelt gratitude to Professor Mr. K.R. Ayyasamy, KCT Business School, for his help and valuable guidance given to me through out my project.

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ABSTRACT

Performance Evaluation or Performance Appraisal is the process of assessing the performance and progress of an employee or of a group of employees on a given job and his potential for future development. It consists of all formal procedures used in working organizations to evaluate personalities, contributions and potentials of employees.

Performance appraisal is a scientific or objective study. Formal procedures are used in this study. The same approach is adopted for all jobholders so that the results are comparable.

Performance Appraisal is an ongoing communication process, undertaken in partnership between an employee and his or her immediate Appraiser for achieving the ultimate goal-IMPROVED PERFORMANCE. The evaluations are arranged periodically according to a definite plan.

So the project deals with the study about the effectiveness of the current appraisal system of the company.

The universe of the present study consists of all the employees working in L-level of the company, 50 respondents are selected randomly which constitutes the sample size for the present study. Thus simple random sampling was adopted to identify the sample size. The primary data is collected by structured questionnaire method. The secondary data was collected from the website, books, company manual and the project done by research scholars. *The tool used for analysis is simple percentage technique.*

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CHAPTER 1
INTRODUCTION

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Performance Evaluation or Performance Appraisal is the process of assessing the performance and progress of an employee or of a group of employees on a given job and his potential for future development. According to Flippo, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job". It is the process of obtaining, analysing and recording information about the relative worth of an employee. It is designed primarily to cover rank and file personnel. On the other hand, performance appraisal focuses on the performance and future potential of employee.

The main characteristics of performance appraisal are as follows:

- ✓ Performance appraisal is a process consisting of a series of steps.
- ✓ It is the systematic examination of an employee's strengths and weaknesses in terms of the job.
- ✓ Performance appraisal is a scientific or objective study. Formal procedures are used in this study. The same approach is adopted for all jobholders so that the results are comparable.
- ✓ It is an ongoing or continuous process wherein the evaluations are arranged periodically according to a definite plan.

Objectives of performance appraisal:

- To provide feedback to employees so that they come to know where they stand and can improve their job performance.
- To provide a valid database for personnel decisions concerning placements. Pay, promotion, transfer, punishment, etc.,
- To diagnose the strengths and weaknesses of individuals so as to identify further training needs.
- To provide coaching, counselling, career planning and motivation to subordinates.
- To develop positive superior subordinate relations and thereby reduce grievances.

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 actions

1.1.1 METHODS OF PERFORMANCE APPRAISAL:

Several methods and techniques are used for evaluating employee performance. These may be classified into two broad categories:

Performance appraisal

Traditional methods	Modern methods
a) Confidential report	a) Behaviourally anchored rating scales
b) Free essay	b) Appraisal through MBO
c) Straight ranking	
d) Paired comparison	
e) Forced distribution	
f) Graphic rating scale	
g) Critical incident methods	
h) Group appraisal	
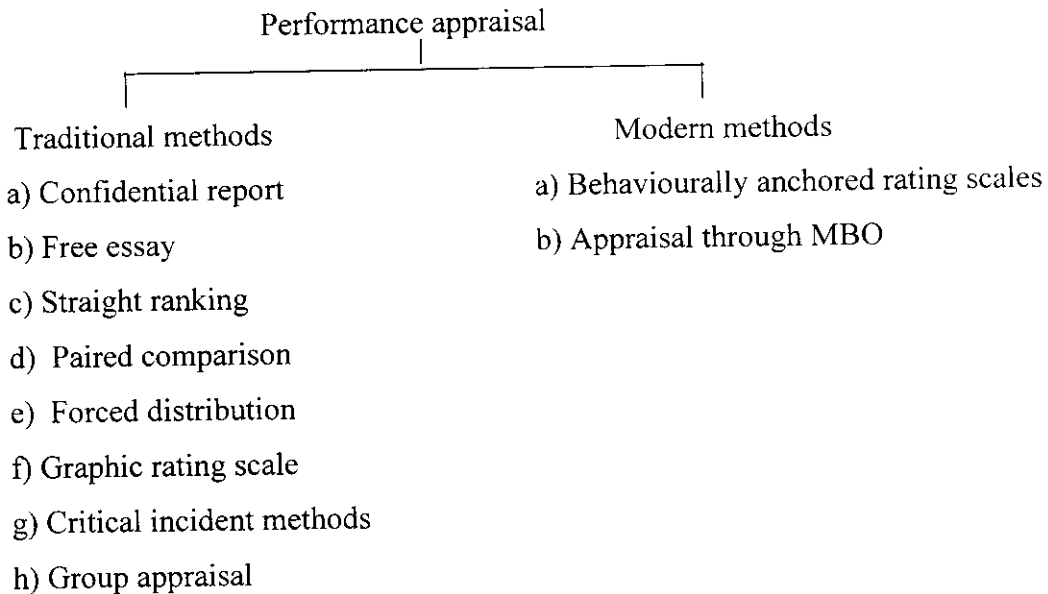
a) CONFIDENTIAL REPORT

This is a traditional form of appraisal used in most government organizations. A confidential report is a report prepared by the employee's immediate superior. It covers the strengths and weaknesses, main achievements and failure, personality and behaviour of the employee.

Advantage: It is descriptive appraisal used for promotions and transfers of employees

Disadvantage: No feedback is provided to the employee being appraised and, therefore its credibility is very low.

b) FREE ESSAY METHOD:

Under this method, the evaluator writes a short essay on the employees performance on the basis of overall impression. The description is expected to be as factual and concrete as possible. An essay can provide a good deal of information about the employee especially if the evaluator is asked to give examples of each one of his judgments.

Advantage: This is a simple and easy way of appraising

Disadvantage: It involves bias as evaluation is not based on specific performance dimensions related to the job. Quality of appraisal depends on the writing ability of the evaluator rather than appraisal of actual performance

c) STRAIGHT RANKING METHOD:

In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the basis of overall performance. 'The wholeman is compared with the whole man' without analysing performance;

Advantage: It is time saving process and a comparative evaluation technique of appraisal.

Disadvantage: The method only indicates how a person stands in relation to others in the group but does not tell how much better or worse he is than another.

d) PAIRED COMPARISON METHOD:

This is a modified form of man to man ranking. Herein, each employee is compared with all the others in pairs one at a time. The number of times an employee is judged better than the others determines his rank. Comparison is made on the basis of overall performance. The number of comparisons to be made can be decided on the basis of the following formula:

$$N (N-1)/2,$$ where N is the number of persons to be compared.

Advantage: This method is easier and simpler than the ranking method.

Disadvantage: It is subjective because appraisal is not based on specific job related performance.

e) FORCED DISTRIBUTION METHOD:

In this technique, the rater is required to distribute his ratings in the form of a normal frequency distribution curve. The purpose is to eliminate the rater's bias of central tendency.

Advantage: First, this method is highly simple to understand and easy to apply. Second, this method also helps to reduce the bias involved in straight ranking and paired comparisons.

Disadvantage: Employees are placed in certain category and not ranked within a category. The does not explain why the employee is placed in a certain category.

f) GRAPHIC RATING SCALE:

It is a numerical scale indicating different degrees of a particular trait. The rater is given a printed form for each employee to be rated. The form contains several characteristics relating to the personality and performance of employees. Intelligence, quality of work, leadership skills, etc. are some of these characteristics .The rater records his judgment on the employee's trait on the scale.

The numerical points are given to an employee are added up to find out his overall performance a standing in the group.

	Poor	Average	Good	Excellent
Attitude	_____	_____	_____	_____
Quality of Work	_____	_____	_____	_____

Advantage: Is widely used, easy to understand and use. It is economical to design and administer rating scales.

Disadvantage: It is assumed that each trait is equally important for all jobs. The method imposes a heavy burden on the rater.

g) CRITICAL INCIDENT METHOD:

In this method the supervisor keeps a written record of critical events and how different employees behaved during such events. The rating of an employee depends on

his positive/negative behaviors during these events. These critical incidents are identified after thorough study of the job and discussion with the staff.

Advantage: Avoids making vague impressions and general remarks, as the rating is based on actual records of behavior/performance and to allow improvements.

Disadvantage: It is very time consuming and cumbersome for the superior to maintain a written record for each employee during every major event.

h) GROUP APPRAISAL METHOD:

Under this method, a group of evaluators assesses employees. This group of the immediate supervisor of the employee, other supervisors having close contact with the employee's work, head of the department and a personnel expert. The group determines the standards of performance for the job, measures actual performance of an employee analyses the causes of poor performance and offers suggestions for improvements

Advantage: It is simple yet more thorough. Due to multiple evaluators personal bias is minimised.

Disadvantage: It is a time consuming process.

i) BEHAVIORALLY ANCHORED RATING SCALES (BARS):

This method combines graphic rating scales with critical incidents method. BARS are descriptions of various degrees of behaviour relating to specific performance dimensions. Critical areas of job performance and the most effective behaviour for getting results are determined in advance. The rater records the observable job behaviour of an employee and compares these observations with BARS. In this way an employee's actual job behaviour is judged against the desired behaviour.

Advantage: The ratings are likely to be accurate because these are done by experts. The method is more reliable and valid as it is job specific and measurable behaviour.

Disadvantage: It is expensive to develop BARS for every job. Behaviors are used more activity-oriented than results-oriented.

1.2 OBJECTIVE:

The objective of the study is
- ✓ To study the effectiveness of existing 'Performance Appraisal system' at TITAN industries and to find whether it is related to reward and recognition of employees.

1.3 SCOPE:

The aim of the study is to find out the effectiveness of performance appraisal system at TITAN industries limited, Hosur. The star performers are those who were the high performers identified using Performance Appraisal System. Thus the effectiveness of Performance Appraisal System was studied. This will end up in formulating the implementation plans for assessment centers.

Appraising an employee and rewarding him on high performance will be motivating factor for high performers in future also.

Performance appraisal can provide certain additional human resource information that is useful in determining both individual and group training and development needs.

To enable the organization to operate in its most efficient manner, management implements training programs. A major goal of any training program is to establish and maintain the highest standards of performance. The identifications of training needs is a natural and logical part of the performance appraisal process.

As output of the appraisal process should be information that identifies the kind and level of knowledge and skill currently possessed by the employee.

The study will help the organization to find out the drawbacks of the Performance Appraisal System and to take up remedial measures.

1.4 RESEARCH METHODOLOGY

The business research is a systematic method of analyzing, exploring the social life, in order to correct or verify knowledge whether the knowledge aids in the construction of a theory or in the part of an art.

1.4.1 RESEARCH DESIGN

The research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in the analysis. In general it constitutes the blue print for the collection, measurement and analysis of the data.

1.4.2 SAMPLING TECHNIQUE

The sampling design is to clearly define the set of objects, technically called the population to be studied. This has a finite set of universe and the sampling design used in the study is probability sampling and the sampling technique used is 'Stratified Random sampling'.

1.4.3 SAMPLE UNIT/SIZE

The units selected from the population constitute the sample size. The study covers the employees of L- level people in the company. Total sample size of the study is 50 out the population of 408, which is 12% of the total population, for 95 per cent level of confidence.

1.4.4 METHOD OF DATA COLLECTION

Primary data:

  o Data is collected by structured questionnaire method.

  o The questionnaire is constructed and given to the L-level employees of the organization for their response.

Secondary data:

The secondary data was collected from the website, books, company manual and the project done by research scholars.

The tool used for analysis is simple percentage technique.

1.5. LIMITATIONS

The following are the limitations of the study:

- The study is limited to Titan industries and it cannot be generalized to other industries.

- The survey was conducted only to the L- level employees of the organization.

- The samples represent only a small percent of the work force.

- Time was also a major constraint

CHAPTER 2
ORGANISATION PROFILE

2. ORGANISATION PROFILE

2.1 INDUSTRY PROFILE

2.1.1 DEVELOPMENT OF WATCH

The development of the watch was due to the important contribution made by many individual craftsmen over four centuries. Portable time keeping instruments become possible with the invention of the main spring by a German named Peter Henlein in 1500. Christian Huygens of Netherlands is generally credited with the invention of hairsprings in 1675, which led to reduction in size of watches.

In the early 20th century, mass production methods were applied to watch making, together with incorporation of instruments that go with greater reliability and precision. Swiss watchmakers played a significant role in the watch industry.

Initially wristwatches were more attracted the consumers that have good appearance and it took quite a number of years for designers to achieve an acceptable level of design excellence matching with regard to pocket watches.

The first quartz movement for wristwatches was manufactured in 1967 in the Horological Electronics centre, Neuchatel. In the 1970's timing systems appeared and these enabled a complete service to be provided to wrist i.e., timing and display. Today new levels of accuracy have been achieved and the concept of the watch as designer fashion accessory has gained new importance.

2.2.2 GROWTH OF THE WATCH INDUSTRY

The present demand for wristwatches in India is estimated at between 12 and 15 million. The domestic production is about 8 million watches. The balance being met by imports of watches from abroad. Growth projection of the industry is estimated to be around 9% per annum. This explains the positive reactions of the existing manufacturers in the market to the new entrants. For the customers more competitors mean a greater variety and choice, different designs and models, reliable after sales service and quality products.

2.2.3 OVERVIEW OF THE INDIAN MARKET

The watch market in India recorded an approximate value turnover of US $300 million and a volume turnover of 23 million units (1998-99).The organized sector contributes to one half, the other requirements comes from abroad.

The major watch manufacturers in India are:

- HMT Limited
- Hyderabad Allwyn Limited
- Sakura Sikkim Time products
- Titan Industries Limited
- Timex watches Limited

2.2 COMPANY PROFILE

The significance of the name 'TITAN' connotes the association of the Tata Group in the form of **Tata Industries** and the **TAmil Nadu Industrial Development Corporation.** Titan is a joint venture between TATA and TIDCO established in 1984, is in the forefront of the TATA value system of creating wealth for the nation and earning the respect of all the stakeholders and the community at large through excellence in every aspect of the business and individual conducts. TATA group serves with a vision of a politically free and economically strong India and strives to play a worth role in the country's development.

Titan Industries is one of the India's leading manufacturers of watches along with jewellery. Titan is ranked as the world's sixth largest manufacturer branded watches. The company transformed the Indian watch market, offering quartz technology with international styling, manufactured at its state-of-the-art factory at Hosur, Tamil Nadu. In 1995, the company entered into organized jewellery market under the brand 'Tanishq'.

Leveraging its understanding of different segments in the watch market, the company launched a second independent watch brand — Sonata — as a value brand to those seeking to buy functionally styled watches at affordable prices. Further, Titan leveraged its manufacturing competencies and branched into precision engineering products and machine building in 2003. In the urban markets, there is an opportunity in the women's segment, which the company has attempted to address with the Raga collection. "Then there is the youth segment, which were targeting with the help of Fastrack.

AREAS OF BUSINESS: Titan manufactures over 7 million watches per annum and has a customer base of over 65 million. The company has manufacturing and assembly operations at Hosur, Dehradun and Himachal Pradesh.

2.2.1 PRODUCT PROFILE

WATCHES: Titan manufactures two main brands viz. Titan for the premium segment and Sonata for the below-$25 category. The Titan brand architecture comprises several brands, each of which is a leader in its segment. Notable among them are: Titan Edge – the world's slimmest watch; Nebula – in solid gold and precious stones; the Gold and Steel collection; Raga 9 to 5 – for the woman achiever; Flip – India's first and only reversible watch with two movements and dial faces; and Fastrack in the sporty casual category.

JEWELLERY: Tanishq is India's largest and fastest growing jewellery brand. Tanishq has 75 boutiques in 55 cities across the country with a premium range of gold jewellery studded with diamonds or coloured gems and a wide range in 22kt pure gold. Platinum jewellery and designer silverware are also a part of the product range. Tanishq is one of India's largest specialty retailers and is transforming the jewellery market in India.

PRECISION ENGINEERING

The Company's precision engineering division manufactures dashboard clocks as OEM to car manufacturers in Europe and America. It also supplies precision components to the avionics and the automotive industry.

ACHIEVEMENTS:

Titan Industries has received the 'President of India's Award' for employing the disabled. Its design team received 7 accreditations at the NID — Business World Awards, including the 'Young Design Entrepreneur of the Year'. Titan and Tanishq were adjudged 'Most Admired Brands' as well as 'Retailer of the Year' by Images Fashion Forum. Titan is voted to be the number one as a brand in India across all product and services in the survey conducted by 'Economic Times', which indicates that as a brand Titan stands for a wide array of well styled and innovative products which are reliable and are good value for money.

FINANCIAL PERFORMANCE:

Titan Industries reported a turnover of Rs.1, 135 crore in the last fiscal and is looking at Rs.1,500 crore for the current year, which is 28% higher. The jewellery segment 'Tanishq', contributed around Rs.500 crore to the business last fiscal, registering a growth of 40% year-on-year. Exports were about Rs.80 crore, which was also growing rapidly. Titan's net sales increased by 30.5% over the last fiscal. Its total expenditure during the year was Rs.1327.42Cr, out of this 101.31Cr was spent in advertisement. The net profit of the company increased by Rs.48.67Cr compared to the previous year. It plans to set up another plant of about two million capacity either in Uttaranchal or Himachal Pradesh in 2006-07.

SALES AND MARKETING:

Titan derives its strength from its sales and marketing team. Its exclusive retail showroom chain – World of Titan – is amongst the largest in its category. Titan watches are sold through over 9,000 outlets in over 2,300 cities and internationally in over 30 countries including the UK, Spain, Greece and countries in the Middle East and Asia Pacific. It's after sales service is itself a benchmarked operation with a network of over 616 service centers and has one of the world's fastest turnaround times. The company has a world-class design center both for watches and jewellery.

The detailed list of sales and other distribution network is given below:

Domestic sales network (approximately):	*in nos.*
Number of company's show room	140
Number of time zones	142
Clearing and forwarding agents	36
Dealers	>7000
Towns covered	1800
Redistribution stockiest	69
Authorized service centers	387
Company's service centers	30
Service point	198
Towns covered under service centers	314

Export sales network (approximately):	*in nos.*
Countries	19
Distributors	7
Service centers	19
Dealers	1904
Towns covered	>89

Titan has categorized the demand of watches to attract various sections of the society. Their marketing team was able to break the myth of the society that watch is just

a piece of fashion accessory, watch for an occasion was their motto. Initially the presence was felt only by the urban society. Later they penetrated the rural section. Currently Titan has watches for every occasion and for a variety of price range starting from Rs.250 to Rs.1, 80,000.
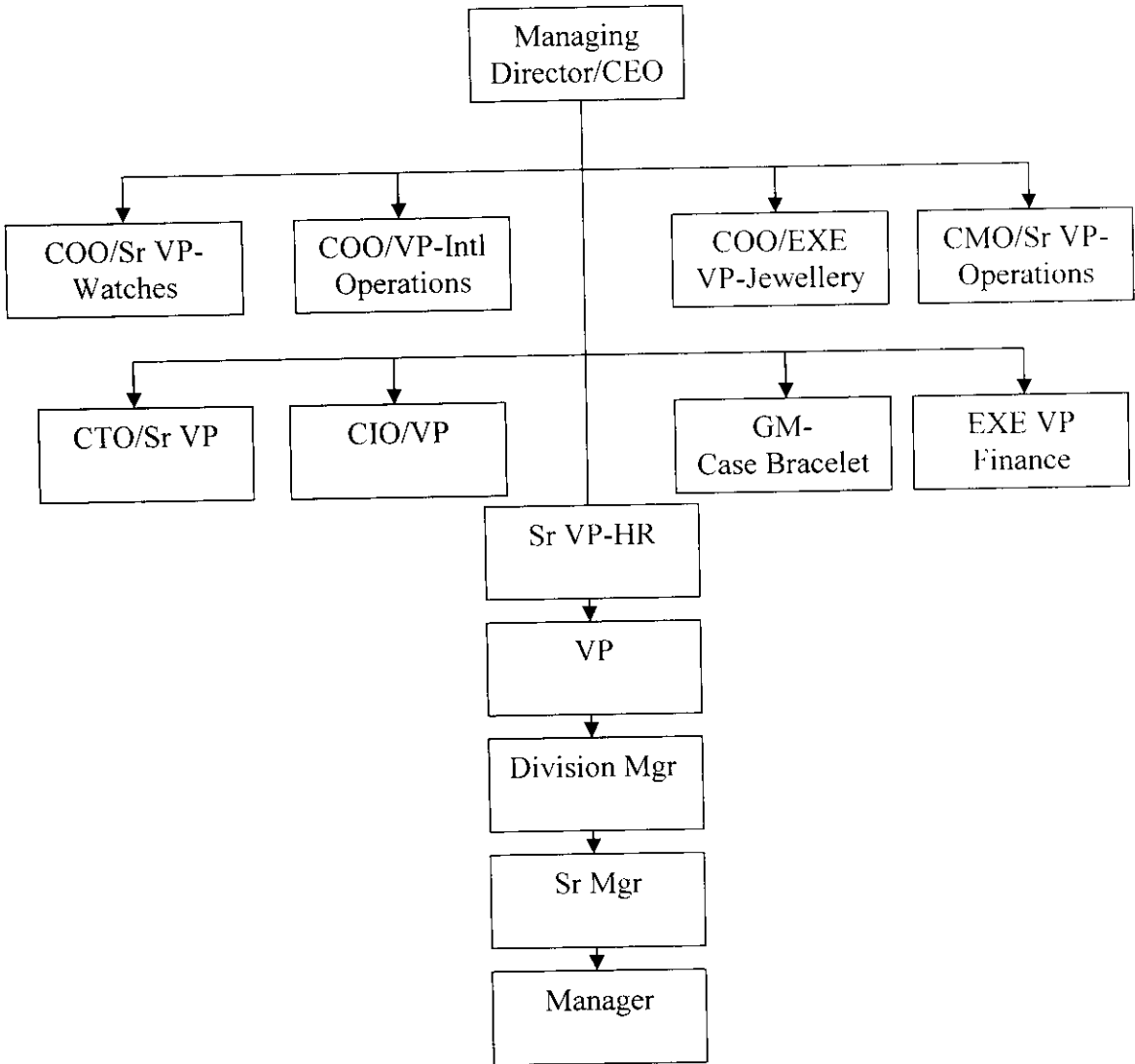
The broad variety of watches can be classified as:

Titan	Nebula
Sonata	Dash
Raga	Classique
Fastrack	Euro collection (steel collections)
Regalia	

The organisational chart together with broad financial and HR information are given in the pages.

Particulars	Rs. in Lakhs
Total sales	1,48,137.38
Gross profit	8,688.18
Net profit	7,361.98
EPS	16.68
Dividend	1,603.97
Equity capital	8227.63

Total number of employees	3500 (approx)
Levels	E level(E1-E7), L level(L1-L10)

2.2.2 ORGANIZATION STRUCTURE

```
                    Managing
                    Director/CEO


  COO/Sr VP-    COO/VP-Intl         COO/EXE      CMO/Sr VP-
   Watches       Operations        VP-Jewellery   Operations


  CTO/Sr VP       CIO/VP              GM-          EXE VP
                                  Case Bracelet    Finance

                    Sr VP-HR


                       VP


                  Division Mgr


                    Sr Mgr


                    Manager
```

TITAN'S CORPORATE OBJECTIVES:

It is Titan's corporate objective to be a significant and respected global watch and jewellery brand and also to be the market leader in India and to be the premier retailer of these products.

Titan will also use its manufacturing strengths to produce a variety of micro-precision engineering and electronic products unrelated to watches.

Titan will use its core competencies in the areas of design, marketing, retailing, sourcing and manufacturing as appropriate to extend its business activities to other prestigious personal use products and luxury goods.

In the pursuit of these objectives, efficiency will always be a high corporate goal so as to always deliver the best value for money to the customer.

In all its endeavors, Titan will seek to win global professional recognition not only for the achievement of its business objectives, but also for the means it uses for their achievement.

Titan expects to ensure a high degree of satisfaction to all its employees, share holders, banks, suppliers, customers and the community in which it functions.

CHAPTER 3
MACRO & MICRO ENVIRONMENT ANALYSIS

3.1 MACRO ENVIRONMENT ANALYSIS

The Indian wrist watch market is estimated to be of the order of 20-25 million watches a year, of which the organised sector accounts for about 12 million. The average annual sale of watches is 20-25 per thousand of the population, far below the world average of 100 per thousand. Therefore there is tremendous potential for watches in India. Titan is the acknowledged market leader in India with a 45 per cent share of the total market. Titan is entering an increasingly competitive world. The stagnation of developed markets and the removal of trade barriers will see an increased focus on the Indian market by a variety of international players. Titan's major competitors in domestic brands such as HMT, Maxima, Citizen, Allwyn, Seiko etc.

3.2 MICRO ENVIRONMENT ANALYSIS

Titan Industries Limited (TIL) is a dominant player in the Indian branded watch industry. The company has a presence in most segments of the watch market. Titan has over 45 per cent of the domestic market share in the organised watch market. Titan derives its strength from its sales and marketing team. It gives an account of the evolving market dynamics in the branded watch market in India and TIL's efforts to sustain its market share.

A new brand, Sonata was launched during 1996-97 to take advantage of the fast growing value segment of the Indian watch market. Consumer research showed that there was an opportunity for a quality branded player in a segment that is largely dominated by unbranded, low quality grey market players. This segment is very price-sensitive and has been traditionally serviced by HMT, Timex, Maxima and a large number of watchmakers who assemble watches with cheap movements, which are freely importable- at virtual prices due to over production across the world. Titan expects to use 'Sonata' to drive market share gains as well as to penetrate the growing rural market.

The Titan brand and its sub-brands supply the above Rs.1000 market. The market below Rs.1000 is supplied by the Sonata brand. The former has 22 per cent market share and the later has a 27 per cent market share. In the recent years the bulk of the growth has come from the Sonata brand.

CHAPTER 4
ANALYSIS & INTERPRETATION

4. ANALYSIS AND INTERPRETATION

LEVEL:

The L-level employees are grouped into two managerial grades as junior and senior with five levels in each grade. They are L1-L5 and L6-L10. The position and responsibility increases from L1 to L10. Level 1 to level 5 includes supervisory and lower level managerial cadre. Level 6 to level 10 includes middle and higher managerial cadre.

The number of employees who were interviewed for the study is given below:

Table 4.1. No. of Respondents.

Levels	Number of employees	No of Respondents	Percentage (%)
L1 – L5	290	39	78
L6 – L10	118	11	22
Total	408	50	100

Key Result Areas are the areas of responsibilities, in which an employee is expected to produce results. It gives the direction to a person's job and increase mutual understanding with the superior.

1. Key Result Area may include factors that may relate to

Table 4.2. Factors involved in KRA

S. No	Factors	No. of Respondents	Percentage %
1.	Routine	15	30
2.	Problem solving	16	32
3.	Personal growth	12	24
4.	Innovation	5	10
5.	No idea	2	4

Chart 4.1 Respondents of, factors involved in KRA

	Routin	Proble	Person	Innovat	No
■ Series1	15	16	12	5	2
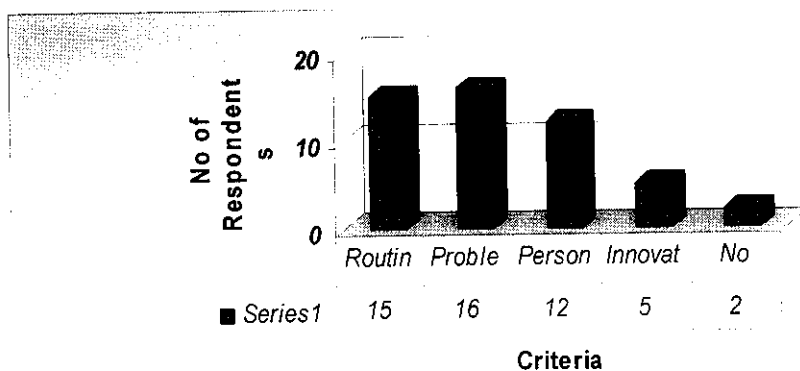
From the results, it can be seen that, 30% of the respondents state that respondents state that the KRA focuses on the Routine factors. 32% feel that KRA helps in problem solving, 24% feel that KRA enhance their personal growth 10% concentrates on innovation and 4% have no idea.
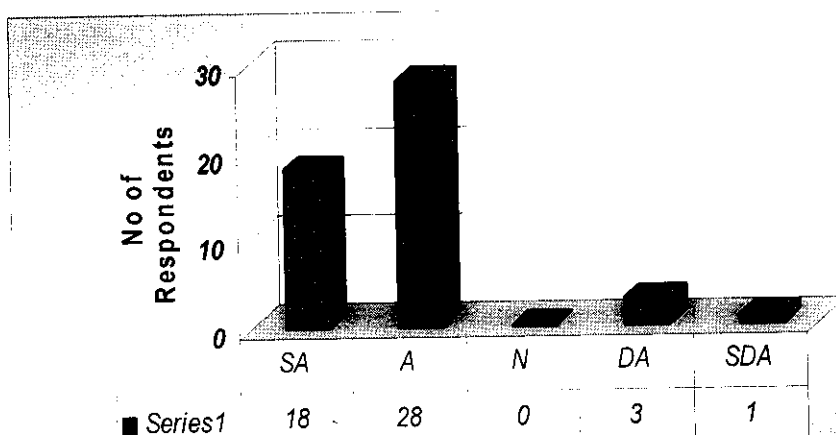
2. KRA setting helps to know the employee's role clearly

Table 4.3. KRA setting clarifies employee's role.

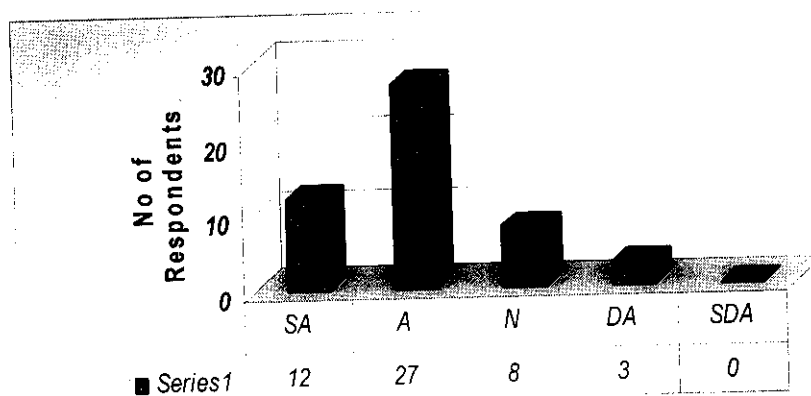| S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	18	36
2.	Agree	28	56
3.	Neither agree nor disagree	0	0
4.	Disagree	3	6
5.	Strongly Disagree	1	2

Chart 4.2. KRA setting clarifies employee's role

	SA	A	N	DA	SDA
■ Series1	18	28	0	3	1

From the result, it is seen that, 92% of the respondents agree that KRA setting makes them to know their role clearly.

3. Performance appraisal helps to improve employee's performance

Table 4.4. Appraisal improves employee's performance.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	12	24
2.	Agree	27	54
3.	Neither agree nor disagree	8	16
4.	Disagree	3	6
5.	Strongly Disagree	0	0

**Chart 4.3.** Showing, appraisal improves employee's performance

From the result, it can be seen that, 78% of the respondents agree that appraisal helps to improve their performance and 22% don't agree that appraisal improves their performance.

4. Adequate time was spent on my performance appraisal by my appraiser

Table 4.5 Appraiser spends more time on an appraisee

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	9	18
2.	Agree	25	50
3.	Neither agree nor disagree	11	22
4.	Disagree	4	8
5.	Strongly Disagree	1	2

Chart 4.4. Showing, Appraiser spends adequate time on an appraisee

|	SA	A	N	DA	SDA
Series1	9	25	11	4	1
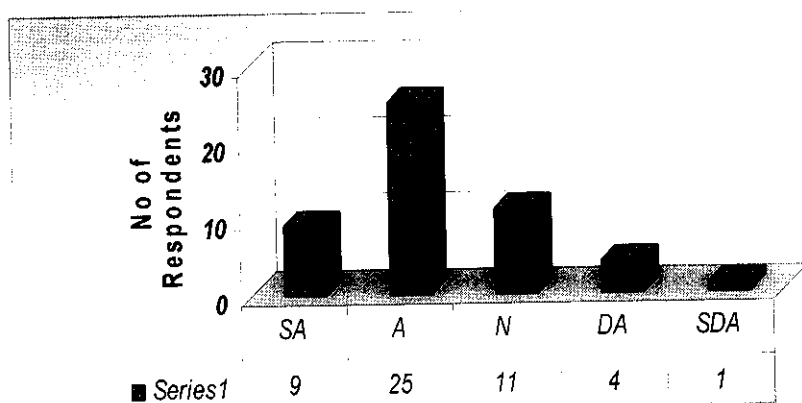
From the result, it can be seen that, 68%of the respondents agree that their appraiser spends good time with them regarding their appraisal while 32% feel that their appraiser need \to spend more time with them.

5. The performance review with my appraiser helped me to clarify the further expectations

Table 4.6. Performance review clarifying expectations

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	8	16
2.	Agree	26	52
3.	Neither agree nor disagree	13	26
4.	Disagree	2	4
5.	Strongly Disagree	1	2

Chart 4.5. Showing, clarification of expectations during the review meeting

|	SA	A	N	DA	SDA
Series1	8	26	13	2	1
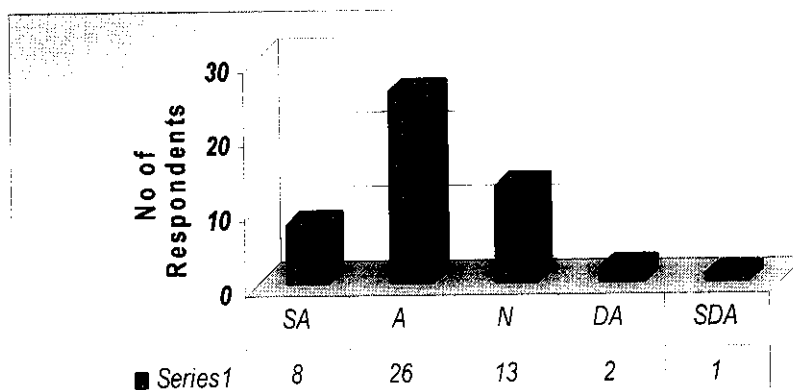
From the result, it can be seen that, 68% of the respondents agree that the review with their appraiser clarifies their future expectations and 32% respondents feel the review do not clarify their role

6. The appraisal distinguishes good performer and bad performer

Table 4.7. Distinguishing good and bad performer

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	4	8
2.	Agree	18	36
3.	Neither agree nor disagree	12	24
4.	Disagree	14	28
5.	Strongly Disagree	2	4

Chart 4.6. Appraisal distinguishes good performer and bad performer

|	SA	A	N	DA	SDA
■ Series1	4	18	12	14	2
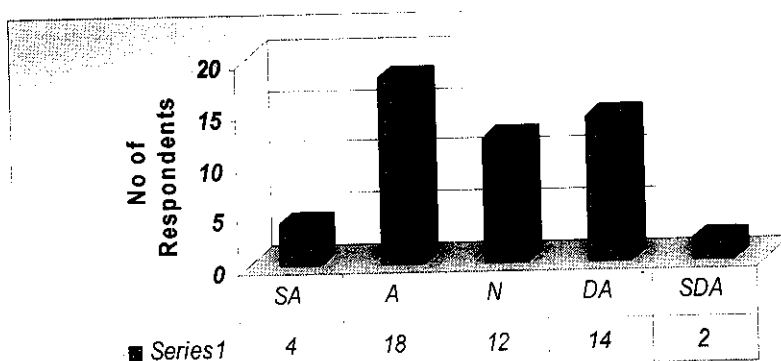
From the result, it can be seen that, 44% of the respondents agree that good and bad performer is distinguished while 24% neither agree are disagree and 32% feel it does not distinguish.

7. The performance appraisal is objective and fair

Table 4.8. Fairness of the appraisal

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	5	10
2.	Agree	30	60
3.	Neither agree nor disagree	10	20
4.	Disagree	4	8
5.	Strongly Disagree	0	0

Chart 4.7. Showing, fairness of the appraisal

|	SA	A	N	DA	SDA
■ Series1	5	30	11	4	
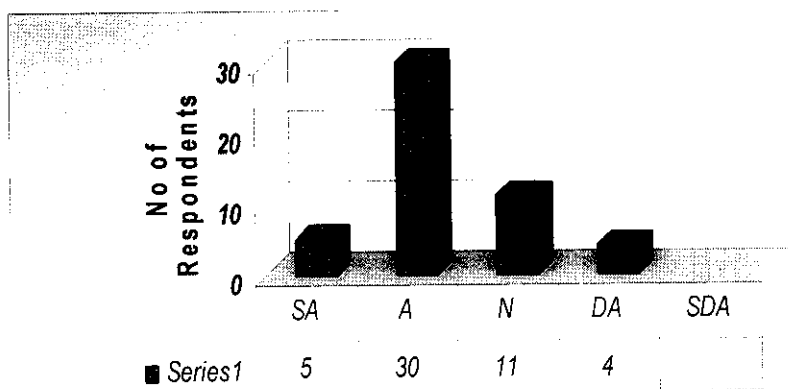
From the result, it can be seen that, 70% of the respondents agree that the appraisal is objective and fair.

8. The documenting of performance evaluation of my appraiser and my self are effective

Table 4.9. Real appraisal Vs self appraisal.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	10	20
2.	Agree	23	46
3.	Neither agree nor disagree	11	22
4.	Disagree	6	12
5.	Strongly Disagree	0	0

Chart 4.8. Showing, Real appraisal Vs self appraisal.

|	SA	A	N	DA	SDA
Series1	10	23	11	6	0
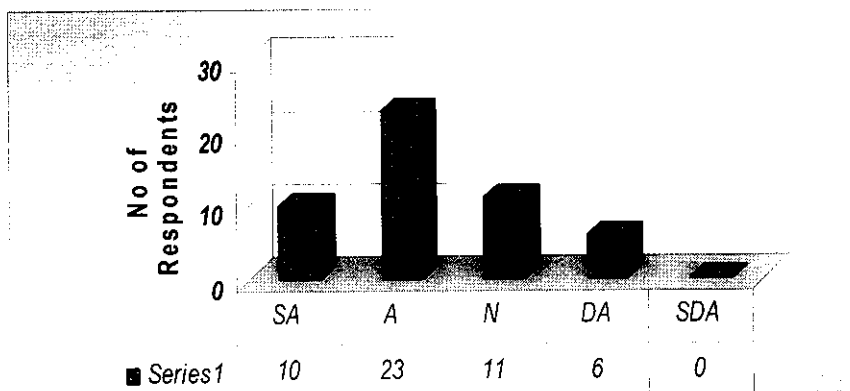
From the result, it can be seen that, 66% of the respondents agree that the documenting of self appraisal and by the superior is effective while 34% feel the documenting need to be simplified.

9. If the appraisal done by my superior is not satisfied, further review on requisition is allowed

Table 4.10. Grievance in appraisal being solved.

S. No	Response	No. of Respondents	Percentage %
1.	Yes	34	68
2.	No	16	32

Chart 4.9. Showing, grievance in appraisal being solved.
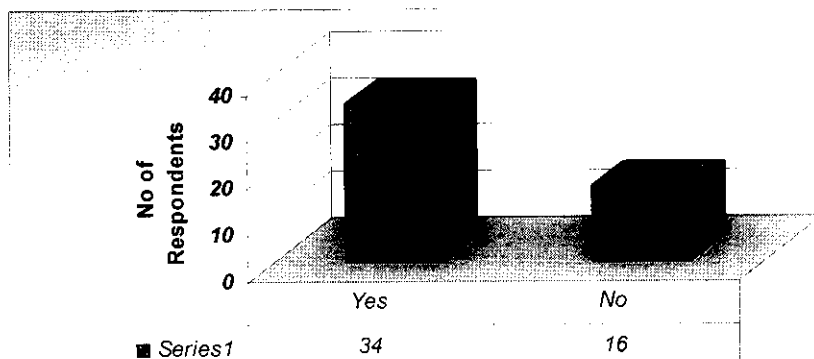
From the result, it can be seen that 68% of the employees agree that the further appraisal on requisition by their second superior is allowed and 32% denies the statement.
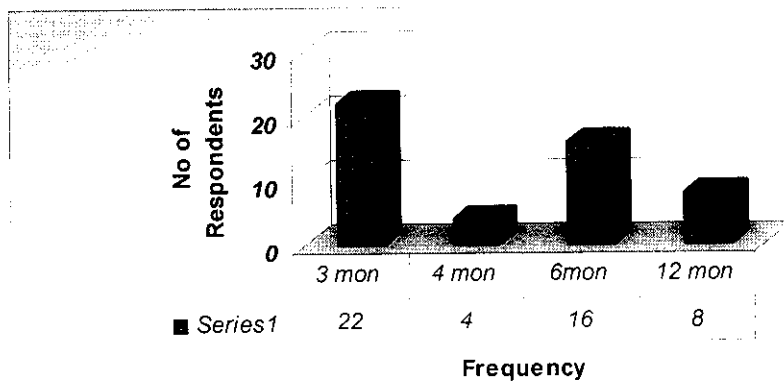
10. In your view appraisal should be done for every

Table 4.11 Frequency of the appraisal.

S. No	Frequency	No. of Respondents	Percentage %
1.	3 months	22	44
2.	4 months	4	8
3.	6 months	16	32
4.	12 months	8	16

**Chart 4.10**. Showing, frequency of the appraisal.

From the result, it can be seen that, 52% of the respondents feel that the review on their performance should be done for every quarter in a year.

11. The training provided based on my appraisal is relevant

Table 4.12. Relevancy in training, based on appraisal.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	5	10
2.	Agree	29	58
3.	Neither agree nor disagree	8	16
4.	Disagree	7	14
5.	Strongly Disagree	1	2

Chart 4.11. Showing, relevancy in training, based on appraisal

|	SA	A	N	DA	SDA
■ Series1	5	29	8	7	1
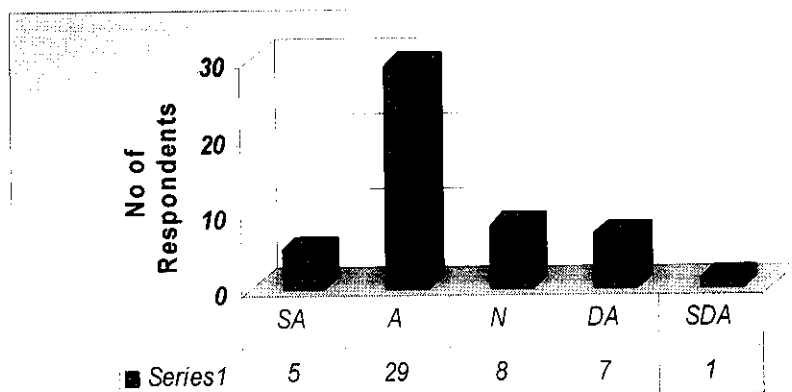
From the result, it can be seen that, 68% of the respondents agree that the training based on the appraisal made is relevant and the remaining 32% do not agree to this statement.

12. The period of training is adequate

Table 4.13. Adequacy of training period.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	4	8
2.	Agree	22	44
3.	Neither agree nor disagree	13	26
4.	Disagree	8	16
5.	Strongly Disagree	3	6

Chart 4.12. Showing, adequacy of training period

|	SA	A	N	DA	SDA
Series1	4	22	13	8	3
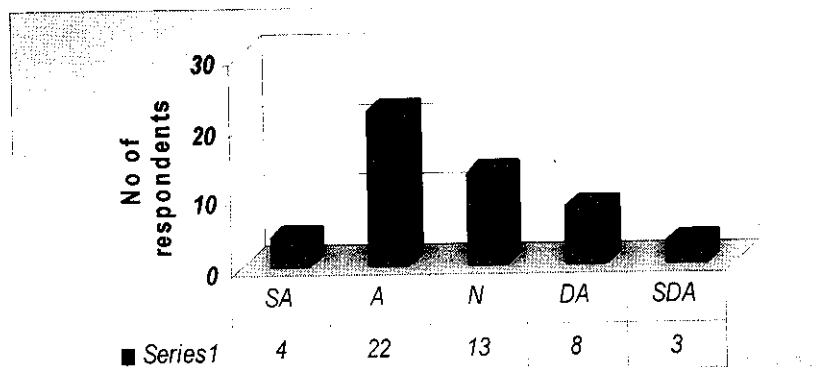
From the result, it can be seen that, only half of the respondents agree that the period of training is adequate. So the training period need to be extended.

13. The training given helps to improve my performance

Table 4.14. Training improves performance.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	8	16
2.	Agree	33	66
3.	Neither agree nor disagree	7	14
4.	Disagree	2	4
5.	Strongly Disagree	0	0

Chart 4.13. Showing, training improves performance

|	SA	A	N	DA	SDA
■ Series1	8	33	7	2	0
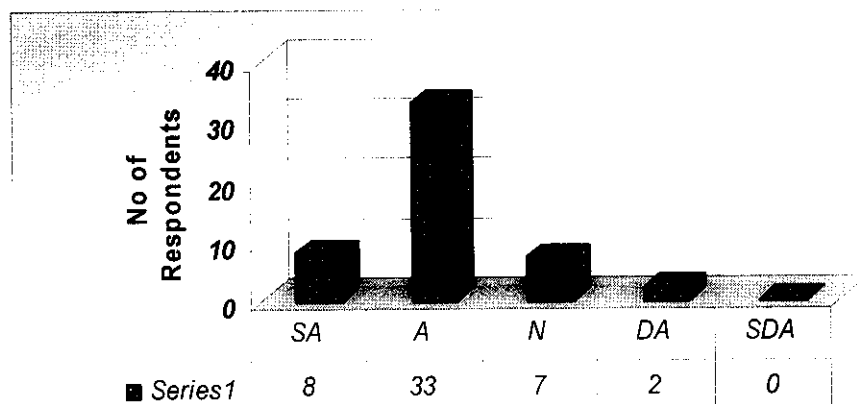
From the result, it can be seen that, 78% of the respondents agree that the training given improves their performance

14. During training my strengths and weakness are analyzed

Table 4.15. Analysis of individual strengths and weakness.

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	5	10
2.	Agree	30	60
3.	Neither agree nor disagree	13	26
4.	Disagree	2	4
5.	Strongly Disagree	0	0

Chart 4.14. Showing, analysis of individual strengths and weakness during training

|	SA	A	N	DA	SDA
Series1	5	30	13	2	0
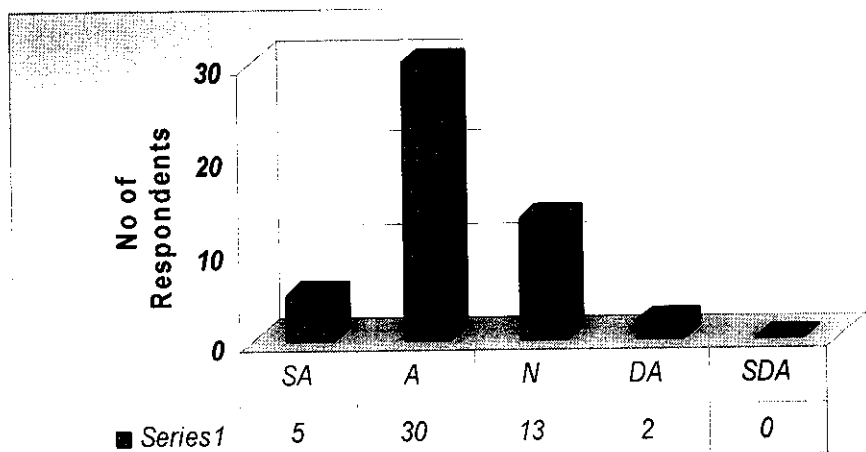
From the result, it can be seen that, 70% of the respondents agree that, their strengths and weakness are analysed. So the training session analyses the individual's strengths and weakness.

15. In what areas does the appraisal focus upon during the review meeting   (*)

Table 4.16. Area focused in review meeting.

S. No	Areas Focused	No. of Respondents	Percentage %
1.	Achievements	39	10
2.	Mistakes	22	60
3.	Others	4	20

Chart 4.15. Showing, area focused in review meeting

	Achievement	Mistakes	Others
■ Series1	39	22	4
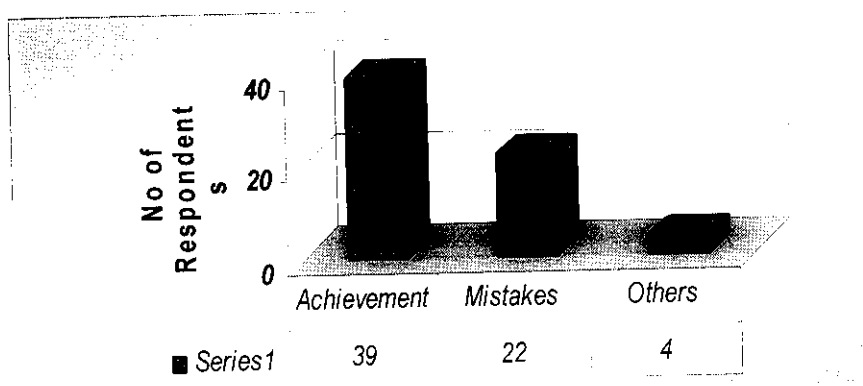
(*)- Multiple responses

From the result, it can be seen that, most of the respondents agree that in the review meeting appraisal focus upon both their achievements and mistakes.

16. The appraisal system followed here is

Table 4.17 Appraisal system followed.

S. No	Type	No. of Respondents	Percentage %
1.	Open	29	58
2.	Confidential	21	42

Chart 4.16. Showing, the type of system followed
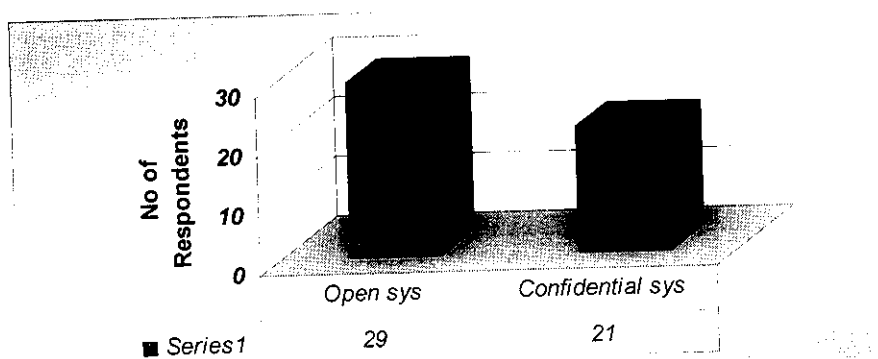
From the result, it can be seen that, 58% of the respondents feel appraisal is open system and the rest 42% feel it is a confidential system.

17. I wish the system to be

Table 4.18. Type of system to be followed.

S. No	Type	No. of Respondents	Percentage %
1.	Open	43	86
2.	Confidential	7	14

Chart 4.17. Showing, the type of system to be followed

From the result it can be seen that, 86%t of the respondents feel that the appraisal should be an open system and they prefer that they should be communicated the actual appraisal made by their appraiser.

18. According to you, the evaluation is on the basis of (*)

Table 4.19. The basis of evaluation

S. No	Criteria	No. of Respondents	Percentage %
1.	Performance	34	68
2.	Behavior	19	58
3.	Potential	8	16

Chart 4.18. Showing, the basis of eveluation
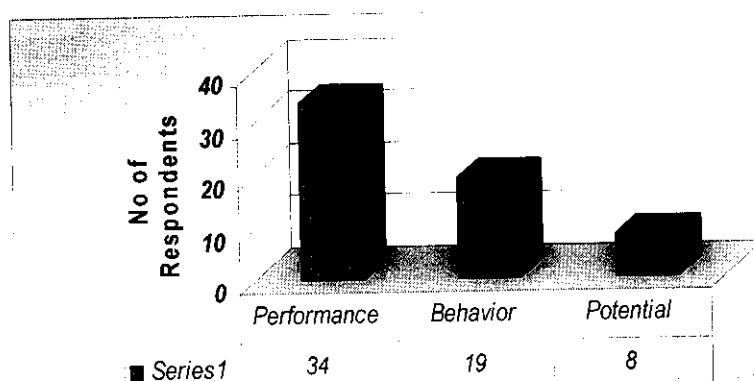
(*)- Multiple responses

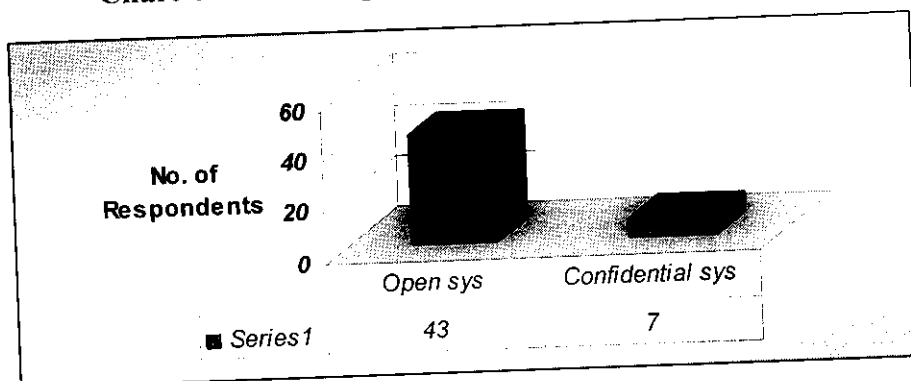From the result, it can be seen that 68% of the respondents feel that the evaluation is mainly done on their performance and 58% feel its based on behavior.

19. There is a correlation between the performance evaluation and performance linked pay

Table 4.20. Correlation between evaluation and performance linked pay

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	8	16
2.	Agree	22	44
3.	Neither agree nor disagree	12	24
4.	Disagree	8	16
5.	Strongly Disagree	0	0

Chart 4.19. Showing, the correlation between evaluation and performance linked pay

	SA	A	N	DA	SDA
Series1	8	22	12	8	0
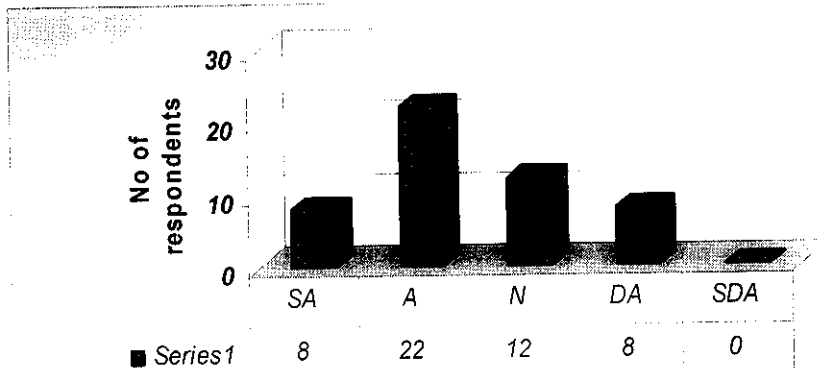
From the result, it can be seen that, 60% of the respondents agree that there is a correlation between performance appraisal and PLP. But the remaining 40% of the respondents there is no correlation between the performance evaluation and performance linked pay

20. Evaluating performance by current method is efficient

Table 4.21. Efficiency of the current method

S. No	Level of satisfaction	No. of Respondents	Percentage %
1.	Strongly Agree	6	12
2.	Agree	22	44
3.	Neither agree nor disagree	14	28
4.	Disagree	7	14
5.	Strongly Disagree	1	2

Chart 4.20. Showing, efficiency of the current method

	SA	A	N	DA	SDA
Series1	6	22	14	7	1
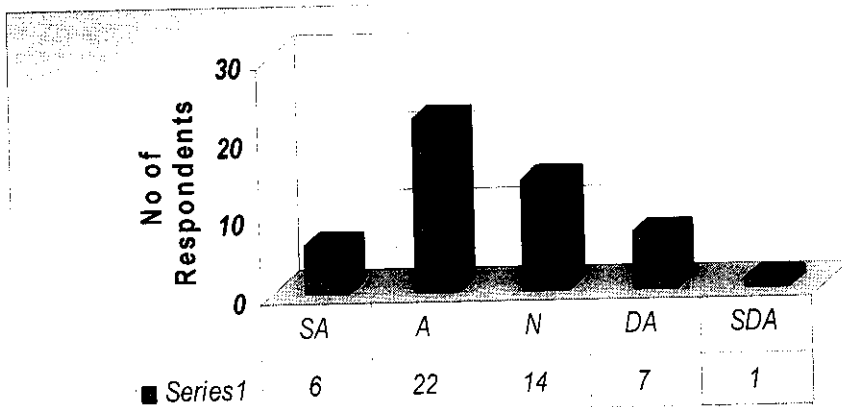
From the result it can be seen that, 56% of the respondents agree that the current system of appraisal is efficient and the remaining 44% feels that the system needs some changes. The respondents feel that the method of documenting should be simplified.

CHAPTER 5
FINDINGS AND CONCLUSION

5. FINDINGS ,RECOMMENDATIONS AND CONCLUSION

5.1 FINDINGS

1. The KRA setting is based on the personal growth, problem solving skills of the employee and it is based on their corresponding work activities.

2. The KRA setting helps the employee to understand their role clearly which has been agreed by 92% of the respondents.

3. The appraiser spends adequate time with their appraisee which has been accepted by 66% and the remaining 44% need their appraiser to spend enough time with them.

4. The review with the appraiser helps the employee to know what is expected out of them in the future which is been accepted by 68% of the respondents.

5. The appraisal distinguishes good and bad performer which is accepted by 44% of the respondents 24% of those neither agreeing nor disagreeing it.

6. The performance appraisal is objective and fair the statement is agreed by 70% of the respondents.

7. The documentation of the performance evaluation by self and the appraiser are effective which is been accepted by 66% of the respondents.

8. The requisition for appraisal by the second superior is allowed which is accepted by 66% of the respondents.

9. The performance appraisal should be done for every 3 months which is the maximum response of the employees.

10. The training provided based on the appraisal is relevant is been accepted by 68% of the respondents.

11. The period of training is adequate is been accepted by 52% of the respondents and 48% of those feel the training period to be increased.

12. The strengths and weakness of employees are analysed during training is been accepted by 70% of the employees.

13. In the review meeting the appraisal focus on both the achievements and the mistakes made in which there is a multiple response.

14. Almost 86% of the employees preferred the appraisal system to be an open system that is they expect the true comments or the actual appraisal made about them.

15. The correlation between the appraisal and the performance linked pay is been accepted by 60% of the respondents.

5.2 SUGGESTIONS:

The few areas in which the system to be concentrated are:

✓ The method of documenting should be simplified.

✓ The review of appraisal need to be done once in three months.

✓ The period of training should be increased.

5.3 CONCLUSION:

Performance appraisal is a systematic and objective method of evaluating the skill and performance of an employee in the organization.

As the performance appraisal system plays an important role in an organization it should be more effective. Unless it is effective the good and bad performer cannot be identified. The current appraisal method carried out in TITAN is a computerized method of documenting.

The appraiser should discuss with employees on KRA to help them to reach their target. To encourage the good performance of the employee in the organization the performance linked pay should be concentrated.

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- Personnel management by Subba Rao
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Websites:

www.google.co.in , www.titanworld.com

APPENDIX

QUESTIONNAIRE FOR STUDYTING THE EFFECTIVENESS OF PERFORMANCE APPRAISAL OF TITAN INDUSTRIES LIMITED

Dear respondent,

This questionnaire is to collect information regarding 'Effectiveness of Performance Appraisal system' at TITAN. The information collected will be kept confidential.

Name (optional)   :

Age   :

Gender   : M / F

Department   :

Level   :

Number of year's experience :

1. Which one of the factors followed for fixing KRA in your organization?

 1. Routine of your work 2. Way of solving problem 3. Personal growth

 4. Innovation 5.No idea

2. KRA settings help to know the role clearly

 1. Strongly Agree 2. Agree 3. Neither agree nor disagree

 4. Disagree 5. Strongly Disagree

3. Performance appraisal helps to improve your performance

 1. Strongly Agree 2. Agree 3. Neither agree nor disagree

 4. Disagree 5. Strongly Disagree

4. Adequate time was spent on my performance appraisal by my appraiser

 1. Strongly Agree 2. Agree 3. Neither agree nor disagree

 4. Disagree 5. Strongly Disagree

5. The performance review with my appraiser helped me to clarify the further expectations

 1. Strongly Agree 2. Agree 3. Neither agree nor disagree

 4. Disagree 5. Strongly Disagree

6. The appraisal distinguishes good performer and bad performer

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

7. The performance appraisal is objective and fair

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

8. The performance evaluation of myself and my appraiser are effective

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

9. If the appraisal done by my superior is not satisfied, further review on requisition is

    allowed

    1. Yes   2. No

10. In your view appraisal should be done for every

    1. 3months   2. 4months   3. 6months   4. 12months

11. The training provided based on my appraisal is relevant

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

12. The period of training is adequate

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

13. The training given helps to improve my performance

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

14. During training my strengths and weakness are analyzed

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

15. In what areas does the appraisal focus upon during the review meeting

    1. Achievements

    2. Mistakes

    3. Others if any specify_____

16. The appraisal system followed here is

    1. Open system

    2. Confidential system

17. I wish the system to be

    1. Open system

    2. Confidential system

18. According to you the evaluation is on the basis of

    1. Performance   2. Behavior   3. Potential

19. There is a correlation between the performance evaluation and performance linked

   pay

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree

20. Evaluating performance by current method is efficient

    1. Strongly Agree   2. Agree   3. Neither agree nor disagree

    4. Disagree   5. Strongly Disagree