

Performance appraisal of mahindra finance

Finance



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INTRODUCTION

Performance Appraisal is the process of assessment systematically the performance and progress of an employee on the present job and his potential for higher level jobs in future. It consists of all formal procedures used in working organizations to evaluate personalities, contributions and potentials of employees. It is the process of analyzing, obtaining and recording information about the relative worth of an employee. According to Flipppo performance appraisal is the systematic, periodic and impartial rating of an employees excellence in matters pertaining to his present job and his potential for a better job.

Beach has defined performance appraisal as the systematic evaluation of individual with regard to his/her performance on the job and his potential for development, Heyel observes " It is a process of evaluating the performance and qualifications of the employees of the employer in terms of the requirements of the job for which he is employed. For the purpose of administration including placements, selections for promotions, providing financial rewards and other actions which require differential treatment

among the members of a group are distinguished from action affecting all members equally.

The performance appraisal is the evaluation of present performance and future capabilities of an employee or group of employees. It is regarded as a process of estimating or judging the value, excellence, qualities or status of some object, or person. Performance appraisal is the part of all the other staffing process, namely recruitment, selection and placement. Performance appraisal is essential to understand and improve employees performance through HRD. In fact performance appraisal is the basis for HRD. It is a good mechanism to control people.

Employees want to promotions, salary increments, and good work conditions and they would like to be placed in prestigious positions and would like to be transferred to places of their choice and like jobs giving them maximum satisfaction and so on. Therefore, employees get what they want, they should give what their superiors want. And performance appraisal is one mechanism to make sure that people at every level do things the way their superiors want them to do. Thus the superiors at every level strive for better writing of their own performance by assessing the performance of their subordinates and thus controlling their behavior.

The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as a virtual resource. At the every outset, it may be pointed out that the performance appraisal is a continuous function and not merely an issue of formal reports at particular point of time. Organization needs to

measure employee performance to determine whether acceptable standards of performance are being maintained.

The six primary criteria on which the value of performance may be assessed are quality, timeliness, cost effectiveness, need for supervision and interpersonal impact. If appraisals indicate that employees are not performing at acceptable levels step can be taken to simplify jobs, trains and motivate workers, or dismiss them depending upon the reasons for poor performance. EVALUTION OF PERFORMANCE APPRAISAL. Employees appraisal techniques are said to have been used for the first time. During the first world war, when, at the instant of Walter Dill Scott, the US Army adopted the 'Man-to- Man' rating system for evaluating military personnel.

During the 1920-30 period, rational wage structures for hourly paid workers were adopted in industrial units. Under this system, the policy of giving grade wages increment on the basis of merit was accepted. These early employee plans were called merit rating programs, which continued to be so called up to the mid-fifties. By then, most of these plans were of the rating scale type, where emphasis was given to factors, degree and points in the early professional & managerial personnel, Since then, as a result of experiments and a great professional and managerial personnel.

Since then, as a result of experiments and a great deal of study, the philosophy of performance appraisal has undergone tremendous changes. Consequently, a change has also taken place in the terminology used. Now, the older phrase merit rating is largely restricted to the rating of hourly paid employees, and it is used frequently in developing criteria for salary adjustment, promotions, transfer etc. the later phrase, personnel appraisal,

places emphasis on the development of the individual as and widely used to evaluate technical, professional and managerial personnel.

Prof. Beach has provided a useful chart, showing the changes in the terminology of employee appraisal which have taken place since 1920. Although the interest in the use of performance appraisal has increased over the last thirty years, the practice of formally evaluating employees has existed for centuries. The performance appraisal system has undergone a lot of changes over the years as shown below: 1900: Subjective appraisals. 1940: Increased psychometric sophistication. 1950: Management by objectives (MBO). 1960: BARS. 1970-90: Hybrid system & approach.

The appraisal of individuals in an employment has been labeled and described by experts over the years in different ways. Common descriptions include performance appraisal, merit rating, behavioral assessment, employee evaluation, personnel review, progress report, staff assessment, service rating and fitness report. Some personnel authorities use such concept interchangeably, while interpret some of these appraisal phrases differently. However the term performance appraisal or evaluation is most widely used. **NEED / IMPORTANCE OF STUDY** Performance Appraisal is a formal exercise in which an organization makes an evaluation in a documented form of its employees, in terms of contributions made towards achieving organizational objectives and or their personal strengths and weakness, and in terms of attributes and behaviors demonstrated for meeting whatever objectives the organization may consider relevant. ? Appraisals are judgments, trades and performances of employees.

Performance Appraisal is an effective instrument for helping, people grow and develop in organizational settings.

It could as an effective mechanism of continuing education learning from one another. ? Provide information about the performance ranks. Decisions regarding salary fixation, confirmation, promotion, transfer and demotion are taken based on performance. ? Provide feedback information about the level of achievement & behavior of the subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work ? Provide information which helps to counsel the subordinate. ? To prevent grievances and in disciplinary activities in organization. Provide information to diagnose deficiency in the employee regarding skill, knowledge, determine training and development needs and to prescribe the means for employee growth provides information for placement. OBJECTIVES OF STUDY: Performance appraisal aims at attaining different purposes, they are: ? To enable each employee to understand his role and become effective on the job. ? To intensify the development needs of each employee. ? To create and maintain a satisfactory level of performance. ? To contribute to the employee growth and development through training, self and management development programmes. To help the superiors to have a proper understanding about their subordinates. ? To guide the job changes with the help to continuous ranking. ? To facilitate fair and equitable compensation based on performance. ? To facilitate for testing and validating selection tests, interviews techniques through comparing their scores with performance appraisal ranks. ? To ensure the organizational effectiveness through

correcting the employee for standard and improved performance and suggesting the change in employee change in behavior. ? To serve as mechanisms for importing communication between the superiors and subordinates. To help management in fixing employees according to their capacity, interest and aptitude and qualifications. ? To provide a valid data base for personal decisions concerning placements, pay, promotions, transfer and punishment. Main Objectives of Performance Appraisal From the organizational point of view, performance appraisal serves two sets of goals, 1. Evaluation goals. 2. Coaching and development goals. Evaluation goals ? Give feedback to subordinates so that they know where they stand. ? To develop valid data for pay and promotion decisions and to provide a means of communicating these decisions. To help the organization in making discharge and retention decisions and to provide a means of warning subordinates about satisfactory performance. SCOPE OF THE STUDY: The scope of the study encompasses managerial and non-managerial cadre employees of Mahindra & Mahindra finance ltd. To assess the performance appraisal system, to know the employees perception towards PAS. CHAPTER - 2 COMPANY PROFILE INDUSTRY PROFILE COMPANY PROFILE Mahindra Group Incorporated as Mahindra & Mahindra in 1945. the company was re-christened Mahindra & Mahindra in 1948. J. C Mahindra K.

C. Mahindra Core purpose " Indians are second to none in the world. The Founders of our Nation and of our organization passionately believed this. We will prove this right by believing in ourselves and by making Mahindra & Mahindra Ltd. Known worldwide for the quality, durability and reliability of its products and services. " Anand Mahindra Keshub Mahindra Auspices of JIPM

Japan. " Mahindra & Mahindra Tractors was awarded the Deming prize for excellence in quality Mahindra & Mahindra becomes the first Indian tractor company to achieve sales of 1 million tractors. Mahindra Champion" becomes India's highest selling large 3 wheeler within four years of launch. 2004 Mahindra & Mahindra and Renault set up a joint venture Mahindra & Mahindra announced the launch of Mahindra Australia Mahindra & Mahindra Joint Venture with China's Jingling Tractor Company. Mahindra Auto motive Steel Pvt Ltd (MASPL) a newly formed subsidiary of Mahindra & Mahindra Ltd. Acquired Chakan unit of Amforge Industries Ltd. 2005 Leaders in diverse business sector Sector Leaders in Automotive Utility Vehicle Farm Equipment Tractors Telecommunication & software Time Share Resorts & Technology Parks

Rural Finance Mahindra & Mahindra Financial Services Limited History: Mahindra Finance was incorporated on January 01, 1991 with Mahindra & Mahindra Ltd. Leading Manufacturer of utility vehicles and tractors in the country and Kotak Mahindra Finance Ltd. Vision Statement: To be the number one Rural Finance Company and continue to retain leadership position for Mahindra products. Mahindra Finance will provide products and services tailored to the needs of M&M, its most favoured customer. In case of demand supply mismatch of funds, Mahindra finance Will Put all their resources to find a solution.

Mahindra Finance may finance other products after catering to the need of M&M. However, this would always constitute a small proportion of mahindra Finance's total business. Mahindra Finance will help M develop better products by providing first hand information received from the target

market. Mahindra Finance Strengths The vision of Mahindra Finance is validated by its strength, which are ? Parentage of M Ltd. RBI classification as HP Company ? Excellent reputation for prompt repayment. ? Wide rural network. ? Dealer shareholding and relationship of dealers with M ? ensure dealer commitment Well connected to M& M / Dealer network. Wide knowledge of rural financing Mahindra Finance Values: ? Good corporate Citizen ship ? Professionalism? Customer First ? Quality Focus ? Dignity of the Individual. Milestone 1991Mahindra Finance Incorporated on 1st January Commenced Regular Operations Employees : 5 Disbursement: 6 Crores Disbursement: 37 Crores Employee: 15 Branches: 4 1994Disbursement: 757 Crores 1994-95Employee: 52579 Branches: 343 1999-00Significant Milestone in terms of total assets 2000-01Steep rise in business volume with total contracts of 76663. Celebrated their 10* Anniversary.

Retail Financing Covered 80% of Indian Districts. Financing Non- M Vehicles. 2001-02MMFSL Network covered 180 branches (98% of total districts throughout the nation) 2004Mahindra Insurance Brokers Ltd is incorporated 2005Branches: 256 Employee : 1812 Contracts : 336891 Department of Mahindra Finance: To ensure smooth & effective functioning of the organization, Mahindra Finance has been divided into various departments ? Operations ? Finance ? Marketing ? Legal ? IT ? HR ? Administrator Each department has its own norms. Let's see the Do's and Don't of each Department. ? General Do's Mark attendance on a daily basis oTake prior approval form your immediate supervisor for Leave, travel or any expenses oInform your Supervisor immediately in case you come across any case of misconduct relating to cash or assets o Trust andrespectcolleagues,

customers, vendors and associates. Don'ts oSalary information should not be shared or compared oDon't indulge in misappropriation of cash or assets, this will invite disciplinary action. o Do not use abusive language in public. ?

Operation Do's oOnly Mahindra Finance employees should deal with customers/dealers for their payments and collections. Collect & Habituate Customers to pay " On or Before Due Date". oDocuments must have Duly Stamped and signed agreement along with PDC's and security cheques. Don'ts oNo payment and / or collection should be carried out by any of the dealers/brokers/DSAs/ DmAs etc. ? Finance Do's oCustomer Centric (Internal as well as External): Adhere and observe compliance to Company policies. o Data Accuracy and updation. o Always meet / Best the deadlines. Don'ts oDo not Accept / relay on anything without proper documentation and authorization there by ensuring audit trail. Do not make any activity people oriented but try to make it process oriented with help of systems. oAvoid duplication of work. ? Marketing Do's oAlways keep your eyes open for any competitive marketing activities like new media campaigns. oKeep yourself updated with the latest happening s in the industry /function through continuous learning (like books etc). oMaintain strict confidentiality of the company's marketing plan. oAlways provide a structured and written brief to the advertising agency for all kinds of communication. Don'ts Never tamper with the corporate identity of the organization (like logos, symbols, font colors etc). o Don't execute any activity (eg: promotional campaign, product launch, etc.) without the involvement and inputs from the local representatives of the field operation team. ? Legal Do's oBe proactive rather than reactive. oKeep the documentation immaculate. It's better to prepare than to repair. Don'ts oDon't ignore any correspondence, whether from the

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customer, guarantor, their lawyers, insurance company, statutory authorities or any court or forum. oRepossessed vehicles are not to be used by any officials IT Do's ? Utilize IT to the maximum of its potential and thereby reduce unnecessary paperwork. ? Save power and reduce wastage of consumables. Don'ts ? Don't use pirated software of any nature while working with MMFSL. Mahindra Finance maintains a strict policy against Piracy. ? As a member of the IT department, you may have access to sensitive company information contained in the system database. The company trusts you with this information. Don't violate company trust by prying through this information or disclosing the same. ? HR Do's oMaintain confidentiality of all information All employees of the organization are our internal customers. Treat them with respect & Provide necessary resources to help them perform better, o Reserve criticism for private discussions whereas rewards and recognition to be addressed in public Don'ts oDon't make biased decision - all employees should receive equal respect and opportunity o Do not make commitments on behalf of management without prior permission. Organization structure A sound organization structure ensures a smooth progress path & achieving of milestones. Mahindra Insurance Broker Ltd (MIBL) ? MIBL is a wholly owned subsidiary of Mahindra Finance MIBL manages the Motor insurance for Mahindra Finance's retail customers ? MIBL is a direct insurance broker for Life and Non-life products, and operates in the Retail and Corporate lines of business Vision: To become India's most admired insurance Intermediation Company Goal: To be among the top 5 direct insurance brokers of India by 2010 WorkCulture& Classification Mahindra Finance's work culture is a framework of shared attitudes and beliefs. Some of the important aspects of this work culture

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are ? Open and transparent communication and feedback ? Internal and external customer focus Creating and upholding a learning environment? Proactive orientation ? Creating result through synergy. INVESTMENT ADVISORY We at Mahindra Finance are all-encompassing of clients needs. So while we believe in making assets easily available, we also believe in catering to those who want to create wealth from these assets. Our Investment Advisory Services act as an avenue to help create and multiply wealth. Mutual Fund Distribution Recently we have received the necessary permission from Reserve Bank of India (RBI) to start the distribution of Mutual Fund products through our network.

Hitherto we were only participating in the liability requirements of our customers but with a mutual fund distribution business, we can also participate in their asset allocation. When it comes to investing, everyone has unique needs based on their own objectives and risk profile. While many investment avenues such as fixed deposits, bonds etc, it is usually seen that equities typically outperform these investments, over a longer period of time. Hence we are of the opinion that, systematic investment in equity allows one to create substantial wealth.

However, investing in equity is not as simple as investing in bonds or bank deposits, because only proper allocation of portfolio gives maximum returns with moderate risk, and this requires expertise and time Our investment advisory services you invest your money in equity through different Mutual Fund Schemes. We ensure the best for our clients by identifying products best suited to individual needs continent except Antarctica. M&M one tractor

manufacturing plant in China, three assembly plants in the United States and one at Brisbane, Australia.

It has made strategic acquisitions across the globe including Stokes Forgings (UK), Jeco Holdig AG (Germany) and Schoneweiss & Co GmbH (Germany). Its global subsidiaries include Mahindra Europe Srl. based in Italy, Mahindra USA Inc. and Mahindra South Africa. M&M has entered into partnerships with international companies like Renault SA, France, and International Truck and Engine Corporation, USA. Forbes has ranked the Mahindra Group in its Top 200 list of the World's Most Reputable Companies and in the Top 10 list of Most Reputable Indian companies.

Mahindra has recently been honored with the Bombay Chamber Good Corporate Citizen Award 2006-07. INVESTOR ZONE: At Mahindra Finance, we pride ourselves on having pioneered rural finance in India. We have grown with each passing year, met targets, exceeded expectations and in the process created wealth for our shareholders. Here we have a dedicated section of up-to-date information, from our financials to our events and presentations - easy access to information at the click of button. Much like most of our quick and simple processes at Mahindra Finance.

PRODUCT PORTFOLIO: At Mahindra Finance we have a wide range of products and services, with something to suit everyone's needs. Right from finance for two wheelers, tractors. Farm equipment, cars and utility vehicles to commercial vehicles and construction equipment, we also have a group of experts providing investment advice, surveying available market products and choosing the most suitable to our customers' needs. GROUP

STRUCTURE: We are a company with a strong foundation and a shining legacy, growing every day to create a legacy of our own.

Our leading promoter Mahindra & Mahindra holds the majority of our Equity Shares and is also a leading tractor and UV manufacturer with over 60 years' experience in the Indian market. As a supplement to our business, in May 2004, we started an insurance broking business through our wholly owned subsidiary, Mahindra Insurance Brokers Limited. ABOUT MAHINDRA GROUP:

The US \$6 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world.

Mahindra's Farm Equipment Sector has recently won the Japan Quality Medal, the only tractor company worldwide to be bestowed this honor. It also holds the distinction of being the only tractor company worldwide to win the Deming Prize. Mahindra is the market leader in multi-utility in India. It made a milestone entry into the passenger car segment with the Logan. The Group has leading presence in key sectors of the Indian economy, including the financial services, trade and logistics, automotive components. Information technology, and infrastructure development.

With over 62 years of manufacturing experience, the Mahindra Group has built a strong base in technology, engineering, marketing and distribution which are key to its evolution as a customer centric organization. The Group employs over 50, 000 people and has several state-of-the-art facilities in India and overseas. The Mahindra Group has ambitious global aspirations and has presence on five continents. Mahindra products are today available

on every. Company profile of Mahindra & Mahindra Limited, we are one of India's leading non-banking finance companies.

Focused on the rural and semi urban sector, we provide finance for utility vehicles, tractors and cars and have the largest network of branches covering these areas. Our goal is to be the preferred provider of retail financing services in the rural and semi - urban areas of India, while our strategy is to provide a range of financial products and services to our customers through our nationwide distribution network. PERFORMANCE APPRAISAL SYSTEM IN MAHINDRA & MAHINDRA FINANCE SERVICE LTD. In MAHINDRA & MAHINDRA FINANCE SERVICE LTD. the performance appraisal report is annual and is co-terminus with financial year, i. e. , 1st April, to the end of March next year. There is no need to write in duplicate. No Annual Appraisal Reports are required to be written by officers under suspension and on duty for less than two months during the reporting year. Where officers are transferred before the full period should write the appraisal reports for that part period straight away after obtaining the self assessment reports from the officers concerned and send the same to competent authority through proper channel.

Reporting Officers who get relieved without writing AAR's are liable for disciplinary action. In case of death or non-availability of reporting officer for any acceptable reason, the AAR's can be written by the next higher authority straight away. Counter signing of the AAR's is normally done by the officer under whom the Reported officer works. In case of sudden illness, death retirement or for any acceptable reason, the counter signing officer or the

Head of the Department is not available, AAR's can be signed by the incumbent at the time of receipt of AAR's by him.

A self assessment Report in the proffering designed is obtained from the reported officer on the duties performed by him during the period under report within 15 days after the expiry of the reporting year for writing the AAR. If the Self Appraisal Report is not received, for any reason, the reporting officer may write the AAR duly recording the fact of non receipt of SAR. The acceptance or otherwise of the SAR should be endorsed in the column provided. The reasons for non acceptance should be recorded

Adverse remarks, if any with, proper substantiation should be communicated to the Reported officer by the final counter signing authority. The Adverse remarks should be supported by specific instances. The format of AAR's for P&G services contains grading A, B, C, D & E indicating Outstanding, Very Good, Good, Satisfactory and Poor performance. Grading A, B & E are to be supported by justification along with recorded proof. Without such justification, the overall writing can be reduced to 'C' grade by the counter signing officer duly recording that the grading is allotted as no justification is forth coming from the reporting officer.

If the countersigning officer wants to award different grades, full justification with specific instances should be furnished by them. The grading awarded by foreign employers in the AARs of MAHINDRA & MAHINDRA FINANCE SERVICE LTD. employees on deputation is to stand but the grading so awarded is not binding on the Departmental Promotion Committees. The sum total of marks against rating awarded in respect of each item will determine the over all rating as follows: ' A' Grade 81% and above B' Grade 71%to80% ' C' Grade

61% to 70% ' D' Grade 50% to 60% ' E' Grade below 49% Another column " General Remarks" is also provided for writing the General Remarks on the Reported Officer by the Reporting Officer in a nut shell. To evolve a performance appraisal system to serve as the basis for transfer policy and incentive/dis-incentive schemes, the MAHINDRA & MAHINDRA FINANCE SERVICE LTD. approved performance appraisal system based on objective, tangible parameters.

The appraisal system consists of performance indicators evolved for the staff in P & G Service on the basis of the job charts prescribed for the staff, nature of duties performed by the staff of different levels, nature of decision involved vis-a-vis, the cadre of employee and the sequential tasks involved in each HRD function like recruitment, promotions terminal benefits etc. The tasks to be performed by an employee in a given cadre form the performance indicators for the employee. A time frame is set for performance of a given task keeping in view the mandatory nature of compliance under the service regulations, leave regulations etc. optimum time required for performance of the task and the periodicity of performance. The points earned on an average overall the relevant Performance Indicators in a month by an employee will be the GPA (Grade Point Average per month) and the performance of an employee is rated on the basis of CGPA (Cumulative Grade Point Average) obtained as an average of GPA earned over 12 months period. The scale adopted and weightage given in grading the performance of an employee in a given parameters is

Scale	Grade	Weightage
A4	points	Outstanding
B3	points	85% to 95%
C2	points	Good 0% to 85%
C1	points	Satisfactory < 75%

Grade Point Average (GPA)

= Total Grade Points (per month) No. of performance Indicators Cumulative GPA (CGPA) - Total of GPA 12 CGPA= A= 4-Outstanding B = 3 to 4 -Good C = 2 to 3 -Satisfactory D = 1 to 2-Poor

The Impact of AARs on Promotions in MAHINDRA & MAHINDRA FINANCE SERVICE LTD. In terms of regulation 9(B) (1) of APSEB SRs - part-III, the following criteria is adopted for fixing the merit in respect of Class-III and above Officers for promotions to higher categories.) The total marks obtained in last five years AARs/CRs are added and divided by five to obtain the average marks. b) Where an employee has not put up five years of service in the category from which promotion is to be made and for purpose of considering his/her case for out of turn promotion if the average marks of the AARs/CRs earned by him/her in that category is 90% and above, the last AARs/CRs in the lower category to make up the total period of five years shall also be taken in to consideration. If the average marks of the five AARs/CRs earned is 90% and above, the only he/she shall be considered for out of turn promotion.) Based on average marks so obtained, the grading is made as follows: Out of turn ---- 90% & above In turn ---- less than 90% Unfit ---- not to be considered " provided that the " out of turn" grading shall be awarded only if two different reporting officers have written the last five years AARs and also that each of these reporting officers have awarded one out standing A - grade report". d) Provided, further, that the candidate selected for promotion under the grading of 'out of turn' shall not be assigned more than five ranks.

These five ranks shall be assigned as indicated below. Marks 90 and above up to and inclusive of 92 -1 Rank Marks above 92 up to and inclusive of 94 -2 Ranks Marks above 94 and up to and inclusive of 96 -3 Ranks Marks above

96 and up to and inclusive of 98 -4 Ranks Marks above 98-5 Ranks e) The grades obtained based on the above criteria shall form the basis for fixing the ranking among the candidates considered suitable for promotion. The inter-se-ranking in each group shall be their inter-se-position/seniority in the existing cadre. CHAPTER - 3 RESEARCH METHODOLOGY a) PRIMARY DATA) SECONDARY DATA REVIEW LITERATURE DATA ANALYSIS AND INTERPRETATION RESEARCH METHODOLOGY Research is an academic activity and as such the term should be used in a technical sense. Meaning of Research D. Slesinger and M. Stephenson in the Encyclopedia of Social Sciences define research as " the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art". Objectives of Research 1. 2. To gain familiarity with a phenomenon or to achieve new insights into it. 3.

To portray accurately the characteristics of a particular individual, situation or a group. 4. To determine the frequency with which something occurs or with which it is associated with something else. Types of Research The basic types of research are as follows: 1. Descriptive & Analytical 2. Applied & Fundamental 3. Quantitative & Qualitative Research Process The following order concerning various steps provides a useful procedural guidelines regarding the research process: 1. Formulating the research problem; 2. Extensive literature survey; 3. Developing the hypothesis; 4. Preparing the Research design; 5.

Determining sample design; 6. Collecting the Data; 7. Execution of the Project; 8. Analysis of data; 9. Hypothesis testing; 10. Generalizations' and

Interpretation, and 11. Preparation of the report or presentation of the result, i. e. formal write-up of conclusions reached. Sample Design Samples can be either probability samples or non-probability samples. Probability samples are those based on simple random sampling, systematic sampling, etc. Non-probability samples are those based on convenience sampling, judgement sampling and quota sampling techniques. Sample designs are as follows: 1. Deliberate Sample . Simple random Sample 3. Systematic Sample Collection of the Data The methodology being following for the study is data collections through (primary and secondarysources), interviews, views of employees and other personnel and questionnaire etc. A)Primary Data: The main source of primary data comprises of: 1. Structured Questionnaire 2. Formal and Informal interviews 3. Feedback obtained form the employees B)Secondary Data: The sources of secondary data comprises of: 1. Manual of the Organization 2. Books published by different agencies – 3. Other relevant books, magazines, periodicals and Journals etc. REVIEW OF LITERATURE Main Components of a Performance Appraisal System. The specific objectives of an Appraisal determine the components to be used in a performance appraisal system. Basically the following components are in use in Indian Organizations. 1. Key Performance Areas (KPAs):- For role clarity and key result areas (KRA's) foraccountability. While KPAsstresswhat main functions the appraisal as an individual is expected to perform in the performance period, KRAs emphasis the accountability or the results the appraisal is expected to achieve in the performance period.

However KPAs are to be preferred over KRAs as KOAs stress on what the appraiser should do and the effort he has to put in moreover, an

identification of KPA's given and understanding of the nature, quality and level of performance expected of the time in which the tasks are expected to be completed. 2. Attributes/Qualities/Trait: - Attributes as a part of performance Appraisal help in reinforcing the behavior of qualities or competencies that are required or are to be developed by the executives.

Most organizations, however, realizing the extent of subjectively involved in trait based appraisals and recognizing the need to promote performance orientation rather than merely trait orientation have stated using a mixture of KPAs and attributes for assessment. 3. Self Appraisal: - Development or change takes place only if the appraisee is interested in development or change. Self-appraisal is an opportunity for the appraisee to recapitulate and list down the accomplishments and failures during the performance period. The most important part of self-appraisal is the process of review and reflection and through Performance appraisal.

Such performance analysis should be done both by the appraisee and appraiser separately and exchanged during review discussions. 4. Performance Analysis: - Performance Appraisal should be based on the performance planning dimensions. The work done or the performance during the year should be broken down into various KPAs/KRAs/tasks/targets. Performance under each of the above should be analyzed under the following headings. How is the actual performance with respect to the planned performances what factors contributes to the achievements from the point of view of the appraisee, appraiser environment etc. 5.

Performance Review Discussion or counseling: - A number of objectives can be achieved through performance review discussions which aims at making

the appraiser and the appraise understand each other better by communicating the performance analysis of appraiser's performance. Performance Appraisal does not serve the purpose of developing employees unless an effective system of performance counseling is practiced in the organization performance counseling can be defined as the help provided by a manager to his subordinates in analyzing their performance and other job behaviors in order to increase their job effectiveness. . Performance Ratings:

- One of the useful outcomes of an appraisal is the ratings assigned at the end of the appraisal to the appraise. This practice distorts the main purpose of appraisals. In view of this, some organizations are seriously considering dropping rating as a part of the development oriented appraisal system and keep simple, short and confidential form separately for it.

7. Identification of training/development needs:

- Appraisal provides a good opportunity to identify the developmental needs of an employer.

Developmental needs should flow from performance analysis. It is important to identify the 'competency' or 'capability' (the appraise needs to develop in order to perform a given task better. This rather than training program titles. It is useful to needs of all employees and work out strategies and plans to meet them.

8. Final assessment by the Appraise:

- In some organizations the final ratings given by the appraiser are not shown to the appraise because the final ratings are given taking into consideration comparative performance of others in the department.

If an organization subscribes to such philosophy, it is useful to have separate formats for ratings rather than mixing it up with development oriented appraisals.

9. Reviewing officer's Role:

- In almost all organizations the

requiring officer given an important role. As the reviewing officer has a larger responsibility, power of control, authority and accountability, it is useful to design a significant role for him in the appraisal process. The remaining officers, to examine the rating behavior of the reporting officers, give recommendations on developmental needs.

10. Potential Appraisal: - A system of developing employees for occupying higher positions in the organizational hierarchy to undertake higher potential appraisal. A good potential appraisal system attempts to generate data about employees and their potential for occupying higher positions from a variety of sources, and helps the top management to make decisions about the suitable persons for given job.

11. Signature by the Appraiser: - Some organizations require the appraiser to sign the form after the review discussion is over and ratings are assigned.

The intention is that the appraiser should know what is being stated about him and he should be given a chance to express his own views in case of negative marks.

APPRAISERS; 360 Degree Performance Appraisal: The appraiser may be any person who has thorough knowledge about the job contents, contents to be appraised, standards of contents and who observes the employee while performing a job. The appraiser should be capable of determining what is more important and what is relatively less important.

The appraiser should prepare reports and make judgments without bias. Typical appraisers are: supervisors, peers, subordinates, employees themselves, users of service and consultants. Performance appraisal by all these parties is called 360 degree performance appraisal.

Supervisors: Supervisors include superiors of the employee, other superiors having

knowledge about the work of the employee and department head. Peers: Peers appraisals may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction.

However, little research has been conducted to determine how peers establish standards for evaluating others for the overall effect of peer appraisal on the group's attitude. Subordinates: The concept of having superiors rated by subordinates is being used in most organizations. This method can be useful in organizational settings to provide the relationships between superiors and subordinates are cordial. Users of services: Employee performance in service organizations relating through behaviours, promptness, speed in doing the job and accuracy can be better judged by the customers or users of services.

Consultants: Some times consultants may be engaged for appraisal when employers do not trust supervisor appraisals and management does not trust self appraisal, peer appraisals or subordinate appraisals. In this situation, consultants are trained and they observe the employee at work for a sufficiently long time for the purpose of appraisal. Process of Performance Appraisal Performance can be undertaken either on informal basis or on formal or systematic basis. Informal appraisals are conducted whenever the supervisor or personal managers feel it necessary.

However, formal and systematic appraisals are conducted on a regular basis. The systematic performance appraisal process follows a set pattern and consists of few Steps: Establishing Performance Standards Communicating the Standards Measuring actual performance Comparing the actual with the Standards Discussing the Appraisal Taking corrective action 1. Establishing

Performance Standards The Appraisal process begins with the setting up of criteria to be used for appraising the performance of employee. The criteria is specified with the help of job analysis which reveals the contents of the job.

The criteria should be discussed with the supervisors to ensure that all the relevant factors have be included. These standards should be indicated on the appraisal form. Appraisal form should be carefully designed and printed. Performance standards will depend upon the objectives of the appraisals. 2. **Communicating the standards** The standards set for performance should be communicated to all the employees. The standards set must be explained to the employees, so that they come to know what is expected of them. When the standards are made known to the employees, they will try to make their performance equal or above them. . **Measuring actual performance** Once the performance standards are specified and accepted, the next stage is the actual performance. This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting and results achieved. Personal observations, written reports and face to face contacts are the means of collecting data and performance. 4. **Comparing the actual with the standards** Actual performance is compared with the predetermined performance standards. Such comparison will reveal the deviations. Deviations may be positive or negative.

Positive deviations occur when the actual performance exceeds the standards. Negative deviations occur when the actual performance is less than the standards. 5. **Discussing the appraisal** The results of the appraisal

are communicated to the employees and discussed with the employees. Such discussion will enable the employee to know his weakness and strengths. There fore employee will be motivated to improve themselves. 6. Taking corrective action Appraisal process will be useful only when corrective action is taken on the basis of reports. Corrective action may be in the form of advice, council or warning.

It may also be in the form of additional training, refresher courses, delegation of more authority, special assignment and coaching, etc. these actions will be useful in helping employees to improve their performance in future. If the actual performance is very poor and behind the scope of improvement, it may be necessary to take steps for demotion or retrenchment or any other suitable measure. Methods and technique of Performance Appraiser The Performance Appraiser methods differ in the approach for the following reasons. ? Firstly, they differ in the resources of traits or qualified to be appraisal. Secondly, they differ because of the different kinds of worked who are being rated. ? Thirdly, the variations may be caused by the degree of precision attempted in an evaluation, ? Finally, they may differ because of the methods used to obtain weightings for various traits. A number of performance Appraisal methods are available. The idea used categorizations is that given Strauss and sakes the methods are classified into traditional and modern methods. METHODS OF PERFORMANCE APPRAISAL Traditional Methods Modern Methods 1. Straight ranking method 1.

Assessment Center 2. Man to man comparison method 2. Appraisal by Results or 3. Grading Management by Objectives 4. Graphic Rating Scales 3.

Human Asset Accounting 5. Forced choice description method Method 6. Forced distribution method 4. BARS (Behaviorally 7. Check List anchored rating scales) 8. Freeform or essay method . Critical Incidents 10. Group Appraisal 11. Field Review Method TRADITIONAL METHODS 1. Straight Ranking Method 2. Man to Man comparison method 3. Grading 4. Graphic Rating Scale 5. Forced choice Description method 6. Forced Description method 7. Checklists 8. Free Form Essay method 9. Critical incidents 10. Group Appraisals 11. Field Review method MODERN METHODS 1. Assessment Center 2. Appraisal by Result of management by Objective (MBO) 3. Human Asset According method 4. BARS (Behaviorally Anchored Rating Scales) TRADITIONAL METHODS STRAIGHT RANKING METHOD:

It is the oldest and simplest method of performance appraisal by which persons are tested in order of merit and placed in a simple grouping. One of the disadvantages of the system is that it permits similar total scores for two or more individuals. But it is a similar method of separating the most efficient form of the least efficient. MAN TO MAN COMPARISON METHOD: By this method, certain factors are selected for the purpose of analysis (such as leadership, dependability and initiatives) and a scale is designed by the rates for each factor, and personnel are compared to the 'key man' in respect to the factor of a given time.

But it is not of much use because the designing of scale is a complicated task. GRADING METHOD: Under third system, the rater considers certain features and marks them, according to a scale they may be: A—Outstanding; B-- very good; C— good or coverage; D—Fair; E —poor; The actual performance of an employee is then compared with these grade definitions,

and he is allotted the grade which best describes his performance. GRAPHIC RATING METHOD: These methods assess the degree of certain qualities required for the job such as industriousness, reliability and dependability.

The degree usually, measure on a scale that can vary from 3 points (good, average and poor) to several points. When rating and objectively given, they provide useful feedback. But a serious drawback is that the rating is generally subjective. FORCED CHOICE DESCRIPTION METHOD: The forced choice method contains a series of groups of statements, and the rater checks how effectively the statements describes each individuals being evaluated. The use of this method calls for minimum subjective judgment and objective reporting, but at the each time, the results of evaluation do not prove useful for counseling and training purpose because the rater is ignorant of evaluating the individuals. FORCED DISTRIBUTION METHOD: In this method the rater is forced to distribute his subordinates into performance categories such as outstanding good poor etc. Everyone cannot be given average or good rating. Hence some percentage of the subordinates is rated better than the others. This-method is useful for rating a large number of employees.

CHECK LIST: Under this method, the rater does not evaluate employee's performance, he supplies report about it and the personnel department does the final rating. A series of questions are presented concerning on employee to his behavior and the rater checks to indicate if the answer to a question about an employee is positive or negative. This method suffers from bias on the part of the rater. FREE EASY METHOD: In this method the

supervisor makes a free form, open - ended appraisal of employees in his own words.

The description is always a factual and concrete as possible. An essay can provide a good deal of information. However no attempt is made to evaluate an employee in a quantitative manner. **CRITICAL INCIDENT METHOD:** Under this method work performance is measured in terms of certain events or episodes shall occur in the performance of the rater job. This method provides objectives basis for conducting a discussion of individual performance. However, negative incidents are generally more noticeable than positive ones. **GROUP APPRAISAL METHOD:**

Under this method, employees are rated by an appraisal group, consisting of their supervisor and there are four other supervisors who have same knowledge on this performance. The advantage of this method is thorough, very simple and is divide of any bias, of it number multiple judges. But it is very time consuming. **FIELD REVIEW METHOD:** Under this method, a trainer employee from the personnel department interviews line supervisor and is required to give his opinion about the progress of the subordinates. This system is useful for a large organization.

The main defect is that helps two management representatives busy with the appraisal. **MODERN METHODS OF APPRAISAL:** These methods place more emphasis on the evaluation of work of job achievements that impersonality traits. Result oriented appraisals tend to be more objective and worthwhile, especially for counseling and development purposes. **APPRAISAL BY RESULTS OR MANAGEMENT BY OBJECTIVES (MBO):** MBO differs significantly from the traditional approach for it shifts the emphasis from

appraisal to analysis; the subordinate is no longer examined by his strength and potential.

Thus he assumed the role of an 'active agent' rather than a 'passive agent'. But the major problems that company's face in implementing MBO is in defining objectives. In the same organization, the purpose of the worker is different from that of management. **ASSESSMENT CENTER METHOD:** In this method, the organization develops its own internal reoccurred for the continuous assessment of its members for the recruitment of new members the purpose of this method is to test candidates in a social situations, using a number assessors and a variety of procedures the most important features of the assessment center is job related simulations.

These simulations involve characteristics that managers feel are important to the job success. Assessments are made to determine employee potential for purposes of promotion. Assessment center ratings are said to be strongly influenced by the participants inter personal skills. Judges tend to evaluate the quality of the individuals social skills rather than quality of the decisions themselves. **HUMAN ASSET METHODS:** This method refers to activity devoted to attaching money estimates to the value of a firm's internal human organization and its external customer goodwill.

The current value of the firm's human organization can be appraisal by developed procedures, by understanding periodic measurements of " by casual" and intervening enterprise variables. The " by casual" variables include the structure of organizations management policies, business leadership, strategies, skills of behavior. The " intervening" variables reflect the internal state and health of an organization. This method is not yet

popular. BEHAVIOURALLY ANCHORED RATING SCALES (BARS): This technique, which has been recently developed, provides a more equitable appraisal as compared to other techniques.

In this method, persons with knowledge of the job to be appraised are asked to describe critical incidents of effective performance behavior. A second group is asked to rate the behavior described in the incident. Subjects to incidents are used as "behaviors anchors" for the performance dimensions. The main advantages of this method are that experts do this, and hence the results are sufficiently accurate the use of critical incidents may be useful in providing feedback to the people being appraised. PROBLEMS OF PERFORMANCE APPRAISAL.

The ideal approach to performance evaluation is that in which the evaluator is free biases, pre judicious. This is objective, it minimize the potential capricious and dysfunctional behaviors of the evaluator which may be detrimental to the achievement of the organizational goals. However, a single foolproof evaluation method is not available. Inequalities in evaluation often destroy the usefulness of the performance system resulting in accurate and invalid appraisals, which are unfair too. There are many significant factors, which deter or impede objective evaluation. HALO EFFECT

It is a tendency to let the assessment of an individual one-trait influences the valuation of that person on other specific trait. There is this effect in appraisal when the appraiser assigns the same rating to all traits regardless of an employee's actual performance on these traits. The "Halo effect" refers to be tendency to rate an individual consistently high or low or average on the various traits, depending upon whether the rater's overall

impression of the individual is favorable or not this means that the halo effect allows one characteristic, observation or occurrence to influence the rating of all performance factors.

The halo effect arises when the traits are unfamiliar; it is defined and involves personal relations. This often occurs when an employee tends to be more contentions and dependable, that the appraiser might become biased towards that individual to the extent that the appraiser rates him high on many desirable attributes; or when the employee is more friendly or unfriendly employee towards the appraiser. In such cases, a very high role may be given to an unfriendly employee so that he may be by passed even though he is very capable one. LENIENCY/STRICTNESS TENDENCY:

Every evaluator has his own value system, which acts as a standard against which he makes his appraisals. Relative to the true or actual performance an individual exhibits, some supervisors have a Tendency to be liberal in their ratings, i. e. , they consistently assign high values to their employees, while at other times they may have a tendency to assign consistently low ratings. The former tendency is known as " positive leniency error", while the latter is lenient in his appraisal, an individual performance becomes overstated, i. e. , rated higher than it actually should be.

Similarly, under the negative tendency, performance is understated, than what it should be. Both these trends usually arise from varying standards of performance observed by supervisors and from different interpretations of what they evaluate in employee performance. The tendency can be avoided by holding meetings or training sessions for raters so that they may understand what is required of them in rating. SIMILARITY ERROR This type

of error occurs when the evaluator rates other people in the same way he has perceived himself. For example the evaluator, who perceives himself as aggressive, may evaluate others by looking for aggressiveness. MICELLANEOUS BIASES Bias against employees on ground of Sex, Religion and Caste position is also a common error in rating. For example a higher rating may be assigned to a senior employee. The rater may be influenced and give higher ratings to those holding higher positions. Besides this, there may be opportunity bias, group characteristic bias and knowledge of predictor bias. Analysis And Interpretation The techniques of analysis are based on the response received from the employees.

The sample consists 50 employees randomly selected from various departments. The responses were analyzed and interpreted. Period Of Study: The data is collected for the period 2007-2008. 1. In your opinions what should be the frequency of writing performance appraisal reports c. Annually. a, Monthly b. Half-yearly To understand the overall employees opinion on frequency of write in performance appraisal report, with the help of 100 responses following data observed.

Sl. No.	Category	No. of respondents	Percentage of respondents
1	Monthly	16	32%
2	Half-Yearly	10	20%
3	Yearly	24	48%

Analysis and Interpretation; By observing the above data, most of the employees are satisfied with the performance appraisal policies in the company, preferred annually performance appraisal. 2. In your opinion who will be right person to appraise your performance? a. Immediate boss b. countersign authority. To understand the overall employees opinion on who will be right person to appraise performance of employee, with the help of 50

responses following data is observed. SI. No. Category No. of respondents Percentage of respondent 1 Immediate Boss 25 50% Counter Signing Authority 25 50% Analysis and Interpretation: By observing the above data, most of the employees of the organization preferred that immediate boss is the right person to appraise his performance. 3. Is the present appraisal system helping you to know your strengths and weakness? a) Yes b) No The employee's strengths and weaknesses will be known through the person appraisal system with the help of 50 respondents data is observed. SI. No. Category No. Of respondents Percentage respondents 1 Yes 25 50% 2 No 25 50% Analysis and Interpretation

By observing the given data, The performance appraisal report speaks about the strengths and Weaknesses of the employees in the Organization. 4. Are monthly reports of performance of each employee are prepared and taken as basis for preparing performance appraisal reports? a) Yes b) No To understand the given data Monthly report of performance of each employee's are prepared and taken as basis with the help of 50 responses following data is observed. SI. No. Category No. of Respondents Percentage respondents 1 Yes 33 66% 2 No 17 34% Analysis and Interpretation

By viewing the above data, the Performance appraisal report can be prepared based on the Consolidation of monthly report of each employee in the Organization. 5. Do you feel career part and succession plan should become part of performance appraisal? a) Yes b) No To know the employee's opinion on the career part and succession plan should become part of performance appraisal, by taking 50 responses following data is observed. SI.

No. Category No. of Respondents Percentage of respondents 1 Yes 33 66% 2 No 17 34% Analysis and Interpretation

By observing the given data, employees are referred for the career part and Achievement of succession plan become the part of performance appraisal.

6. Performance appraisal reports should be revealed or not? a) Yes b) No To understand the overall Employee's opinion, performance appraisal report should be revealed or not on the basis of 50 responses following data observed. Sl. No. Category No. of Respondents Percentage Of respondents 1

Yes 33 66 2 No 17 34 Analysis and Interpretation By viewing the above data, Most of the employee preferred to reveal this performance appraisal report. .

Are you satisfied with the present appraisal system? a) Yes b) No To know the employee's that they are satisfied with the present appraisal system on the basis of 50 responses following data is observed. Sl. No. Category No. of Respondents Percentage of respondents 1 Yes 35 70 2 No 15 30 Analysis and Interpretation: By viewing the data, Most of the employees are satisfied with the present performance appraisal System followed in the organization.

8. Does the performance appraisal system followed by your organization Improves the overall performance of organization? a) Yes b) No

To understand the performance appraisal system followed in your organization' Improves the overall performance of organization, by taking 50 respondents d? is observed. Sl. No. Category No. of Respondents Percentage of Respondents 1 Yes 35 70% 2 No 15 30% Analysis and Interpretation By observing the given data, the performance appraisal system followed in the MAHINDRA & MAHINDRA FINANCE SERVICE LTD. improves overall efficiency in the management and control over the staff towards the promotional policy

and achievement of the goals. 9. Performance appraisal should be evaluated?) More than once in a year b) Once in a year c) Occasionally To know the Employees opinion Performance appraisal should be evaluated for the period by taking 50 respondents data is observed, Sl. No. Category No. of Respondents Percentage. Of respondents 1 More than Once in a Year 13 27% 2 Once in a Year 33 66% 3 Occasional 4 7% Analysis and Interpretation: By viewing the above data, Most of the employees preferred to evaluate the performance appraisal yearly. 10. Do you get any guidance from your superior in your day today work? a) Regularly b) Occasionally c) Not at all

To understand the employees opinion, to get the guidance from your superior in your day today work with the help of 50 respondents following data is observed. Sl. No. Category No. of Respondents Percentage of respondents 1 Regularly 27 54% 2 Occasionally 20 40% 3 Not at all 3 6% Analysis and Interpretation; By observing the given data, most of the employees wish to guide by the superior regularly in day to days and occasionally in specific purpose. 11. Do you think the performance appraisal Performa / program covers all aspects of the job? a) Covers all aspects b) Does not cover some aspects) Does not cover many aspects. To know the overall employees opinion performance appraisal Performa / program covers all aspects of the job with the 50 respondents following data is observed. Sl. No. Category No. of Respondents Percentage of respondents 1 Covers all aspects 20 40% 2 Does not cover some aspects 3 8% 3 Does not cover many aspects 27 52% Analysis and Interpretation: By view the above data, most of the employees have reported that the appraisal Performa that does not

cover many aspects of the jobs. 12. Which of the following is a better form of appraisal? a) Self appraisal b) Confidential reports

To know the overall employees opinion which will be the better form of appraisal system, with the help of 50 respondents the following data is observed.

Sl. No.	Category	No. of Respondents	Percentage of respondents
1	Self Appraisal	40	80%
2	Confidential Reports	10	20%

Analysis and Interpretation: By observing the above data, most of the employees wish to have their self appraisal is better than the confidential report.

CHAPTER – 4
LIMITATIONS OF STUDY
LIMITATIONS OF THE STUDY The study is limited to the policies and practices being followed in Mahindra & Mahindra finance ltd.

Time factor is the main constraint for the study as it was restricted only to eight-nine weeks. ? Sampling error is not taken into consideration. ? The information given by the