

A STUDY OF IMPACT OF PERFORMANCE APPRAISAL EVALUATION ON POLICY FORMATION, IMPLEMENTATION, ATTRITION AND RETENTION IN AUTOMOBILE INDUSTRY WITH SPECIAL REFERENCE TO AHMEDABAD

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ABSTRACT: Performance appraisal is a key instrument to gauge the structures set by any organization to its new policy arrangement and representatives. It is used to track singular commitment and performance against hierarchical objectives and to distinguish singular qualities and open doors for future changes and surveyed whether authoritative objectives are accomplished or fills in as reason for the organization's future arranging and advancement. This study examined the status of the performance appraisal system of automobile industries, their policy formation and its implication to employee's performance. The purposive sampling technique was used in the selection of respondents. Quantitative and qualitative method of research was utilized in the gathering of data. Interviews, focus group discussion and survey questionnaires were the main instrument used in this study. The result of the study showed that the impact of policy formation, performance appraisal system of the automobile industries are in place of Ahmedabad, aligned with the vision and mission of the institution, and is accurate in terms of content and purpose. On the other hand, the results reflected that the performance appraisal system of the companies has brought about both positive and negative impact on the employee's performance.

Keywords: Auto mobile Industry, Government Policies, constant modernization

INTRODUCTION

Location & Geographical Area: Ahmedabad District is one of the developed district of the Vibrant Gujarat. It is located in the middle region of Gujarat and lies between 21°-58' to 23°-3' North latitudes, 71°-37' to 72°-50' East Longitudes. The District is surrounded on the north by Mehsana and Gandhinagar district, on the South by Gulf of Cambay and Bhavnagar district, on the East by Kheda district and on the West by Surendranagar district. The total Geographical area of Ahmedabad District is 8087.59 Sq.K.M.

Topography : Ahmedabad district is located in Central Gujarat. It comes under Seismic Zone- III. Ahmedabad is one of the industrially developed district in the state of Gujarat having Large, Micro, Small and medium scale industries of various types. A large number of industries related to textiles, chemicals, machinery, metal products, pharmaceutical, engineering, plastics, electrical appliances, electronics, passenger cars etc. are located in the district. A well-developed infrastructure, prudent industrial policy of the state government and a peaceful industrial atmosphere have been the vital factors which have contributed to the industrial growth in the district. There are 12 main Industrial Estates, 12 Special Economic Zones, and 10 Industrial Parks/Developers in Ahmedabad district.

Vendorisation / Ancillarsation of the automobile industries: The rapid strides made in industrialization in the district has widened the scope for establishment of ancillary units. Ancillary Industries in Mechanical sectors are Auto parts, spares, rubber parts, plastics components and parts for auto industries. Various brass parts components required in auto Industries, Diesel pumps and stores, chemical vessels, Machineries, Chemical Processing Industries requirements etc.

REVIEW OF LITERATURE

Fletcher C, in his article titled as 'Performance Appraisal and Management', distributed in the Journal of Occupational and Organizational Psychology (Nov. 2001, Volume: 74 Issue: 4 pp. 473-487) talks about the developing examination plan for performance evaluation and performance administration. The creator has concentrated on two fundamental parts of the idea of appraisal - content (what is assessed relevant performance, the idea of objective introduction and enhancing focus on supervisors' mindfulness), and process (how it is evaluated - taking a gander at issues related with the collaboration amongst appraiser and evaluate and multi-source input. The impact of social assorted variety and the impact of advancements in data innovation on appraisal have additionally been clarified in the article.

Gregory H. Dobbins, Robert L. Candy and Stephane J. Platz-Vieno in their article titled as "A Contingency Approach to Appraisal Satisfaction: An Initial Investigation of the Joint Effects of Organizational Variables and Appraisal Characteristics", distributed in the Journal of Management (September 1990 16:619-632), features the directing impacts of hierarchical factors on the appraisal trademark appraisal fulfillment relationship. Examinations demonstrated that the appraisal attributes of activity designs, recurrence, and rater preparing were all the more decidedly identified with appraisal fulfillment when subordinates experienced part strife, were not nearly observed, and directors had a vast traverse of control. The outcomes give significant help to conceptualizing appraisal fulfillment as an unexpected capacity of both appraisal attributes and authoritative factors.

IMPACT OF PERFORMANCE APPRAISAL ON POLICY FORMATION

In India the administration has framed divisions specifically Department of Heavy Industry (in this after alluded to as "DHI"), amid the year 1987 as Ministry of Heavy Industries and Public Enterprises, which is the nodal expert in India for advancing the improvement and development of the car area. The office is likewise worried about the improvement of the overwhelming building industry, machine device industry, substantial electrical industry, mechanical hardware. From the Figure1, it is comprehended that when contrasted with every other area the car segment has most noteworthy development and this plainly shows the open doors and activities taken by the legislature has made ready for higher development rate of car industry.

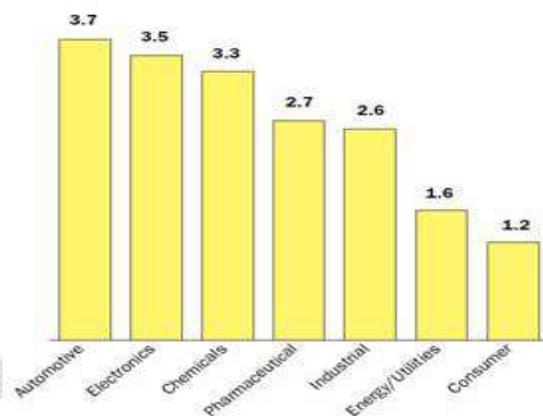


Figure 1: Figure depicting growth rate of different industries

In this organization the Government of India is framing a National Automotive Board here after which would turn into a formal set up to investigate the issue of review of vehicles and henceforth enhance producing gauges. The planned body, to regulate specialized and wellbeing parts of vehicles, will have delegates from all the nodal services and car bodies, for example, the Automotive Research Organization of India. Keeping in mind the end goal to draw in speculations into the area, the office makes a few policy declarations (counting motivating forces) every now and then. The major being , the 'Auto Policy' of 2002, which plans to advance incorporated, staged, persevering and self-managed development of the Indian vehicle industry and in addition twofold its commitments to the economy by 2010. Its goals are to,

1. Exalt the sector as a lever of industrial growth and employment.
2. Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry.
3. Induce constant modernization of the industry and facilitate indigenous design, research and development;
4. Develop domestic safety and environmental standards at par with international standards.

Because of every single such activity, the standards for remote venture and import of innovation into the division have been logically changed and at display 100% Foreign Direct Investment (in this after alluded to as "FDI") is reasonable under programmed course. The business has pulled in a venture of more than Rs. 50,000 crore in 2002-03 which is to go up to Rs. 80,000 crore by the year 2007. These policy measures and motivators together with points of interest like minimal effort, high expertise labor, very much created and all inclusive aggressive auto auxiliary industry, built up vehicle testing and R and D habitats for generation of steel at least cost.

Government Policies towards Automobile Industry in Ahmedabad

Automobile industry in India additionally got a unintended lift from stringent government auto emanation controls in the course of recent years. This guaranteed vehicles created in India fit in with the measures of the created world. In spite of the fact that it has leverage in India, because of low expenses and government arrangements it soon faces hardened rivalry from it multinational contenders all looking at for an offer in the regularly developing Indian auto area. The approaches embraced by Government will build rivalry in household showcase, propel numerous remote business vehicle fabricates to set up shops in India, whom will make India as a creation center point and fare to closest market.

1. Get a base remote value of US \$ 50 Million if a joint wander included larger part outside value proprietorship
2. Programmed endorsement for remote value venture upto 100% of produce of automobiles and part is allowed
3. FIIs including abroad corporate bodies (OCBs) and NRIs are allowed to contribute up to 49 percent of the paid-up value capital of the investee organization, subject to endorsement of the governing body and of the individuals by method for an uncommon determination. .
4. Interests in making automobile parts by an outside vehicle producer will likewise be viewed as a piece of the base remote venture made by it in an auto-production backup in India. The move is gone for helping India rise as a center point for worldwide assembling and sourcing for vehicle parts.
5. Particular segment of extract obligation relevant to expansive autos and utility vehicles will be diminished to 15,000 rupees for every vehicle from 20,000 rupees prior.
6. The Proposal by the Government to set up a specialist gathering to prompt on a practical and reasonable arrangement of valuing oil based commodities, as this will without a doubt affected the Automobile Industry.
7. The reported decrease on the essential traditions on bio-diesel is incredible news for all organizations taking a shot at natural sparing innovations.

IMPACT AND CHALLENGES FACED BY THE AUTOMOBILE INDUSTRIES BY THE POLICIES

Indian auto industry is one of the most promising and growing auto industries across the world. But at this juncture the Indian auto industry is facing various challenges catering to the growing domestic market. The industry must focus its R&D efforts in line with the global trends, which

is to build vehicles that are considerably more fuel efficient and less polluting. The challenges faced by auto industry are depicted below from the following Figure 2,

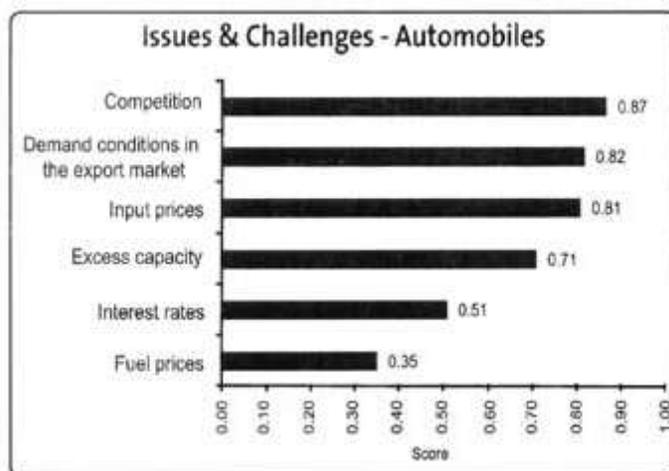


Figure 2: Challenges Faced by Indian Automobile Industry

- Rising Oil Price
- Fuel Technology
- Nurturing Talented Manpower
- Shortage of manpower

RETENTION IN MANUFACTURING SECTOR

The genuine target is to hold just those individuals who add to the organization's performance as far as enhancing the nature of products and enterprises, or expanding the level of consumer loyalty. Expanding the organization's level of demonstrable skill, organizing a target performance appraisal framework, and guaranteeing a match amongst duty and expert are the 3 most-utilized procedures to enhance maintenance. Just about 1 in each 2 assembling and adjusting organizations admit that their maintenance related troubles are intense. The Human Resource office and the senior administration are the authoritative focuses vested with the obligation of maintenance administration. Be that as it may, the procedure is shared: in many organizations, the HR office, the individual capacities, the best administration, groups, and the exchange organizations deal with the maintenance work, independently and together. The best organizations center around holding and getting the best out of each representative. They put stock in making various obligation habitats for maintenance administration, and guarantee that senior chiefs observe time to be by and by engaged with the procedures of maintenance administration.

In these focused circumstances, the particular measures to enhance an organization's maintenance record extend from vocation advising workshops to group building works out. Obviously, the correct idea of the activities to be utilized is a component of the industry in which the organization works, and the level of administration at which the activity is focused on. Be that as it may, the perfect practices stay steady crosswise over assembling, advertising, and administrations organizations: profession advising and work improvement practices at the lesser level; advancing from inside and preparing at the center level; group building activities and welfare activities at the senior level; and culture-building and strengthening at the best level.

Most organizations trust that maintenance is much more essential at the lesser, center, and senior administration levels than at the best. Holding their best representatives expects organizations to dispatch activities along a few measurements, presenting great housekeeping rehearses in workplaces and shop floors, making performance appraisal frameworks straightforward, objective, and participative, professionalizing the senior administration group and guaranteeing that representatives take pride in their work. Other than the previously mentioned factors there are some extra factors which will enhance worker maintenance in the assembling part they are as per the following: Brand name, Wage policy, Career progression plans, Social safety efforts, sensible disciplinary guidelines, Organizational culture, Terminal advantages.

REASONS FOR ATTRITION

Representatives expect more from their occupations, including a sound workplace and a feeling of achievement. For some, organizations, amaze that representative flights can negatively affect the execution of marketable strategies and may in the long run reason a parallel decrease in profitability.

Reasons of attrition in Automobile sector

Today producing is innovation subordinate and there are abnormal amounts of atomization in each industry. Innovation drives everything and anybody can be prepared on innovation related issues nowadays. The common reasons why workers wish to leave any organization for another are the same: better remuneration, better open doors, the nature of the activity, medical issues. At all levels of administration, the example continues as before crosswise over assembling, promoting, and benefit organizations: junior directors refer to pay as the essential purpose behind leaving; chiefs at all different levels pick vocation openings and wellbeing and the idea of the activity are significant just for senior-level and best administrators. Assembling Industries are aggressive just at the passage level and senior levels. This is clear from the way that the Manufacturing Sector supposedly is a decent platform for crisp Engineers. Workers in Manufacturing, particularly in Line works, are minimum happy with the

level of advancement in their pay bundle. The willful activity related purposes behind worker to change from one organization to other is delineated in Figure 3,

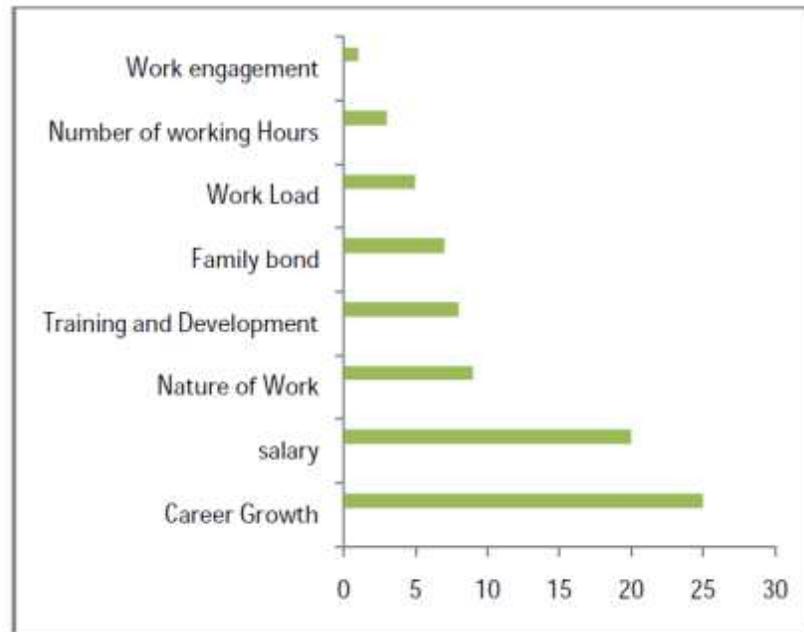


Figure 3: Reasons for attrition in automobile industry

While the pay rates at the passage and junior levels of administration are aggressive, the assembling part gets itself hard put to coordinate compensation levels of the new economy area in the center and senior levels of administration. The assembling area has a test of holding ability at the more elite classes of the administration. Maybe the most compelling motivation for this is this segment discovers its situation is dire with regards to making counter-offers to isolating representatives. Pay grades are characterized unbendingly in this division and there is next to no space for transaction. Plus, the ascent in pay levels crosswise over levels isn't as high. In a strongly focused condition, where Human Resource administrators are poaching from each other, organizations can either clutch their representatives tight or lose them to rivalry. For gone are the days, when representatives would adhere to a business for quite a long time for need of a superior decision. Presently, openings are proliferate.

CONCLUSION

The fundamental point of any organization is to acquire benefit. In any case, to accomplish the greatest benefit, the organization should focus more on representatives and the approaches to hold them for their long run. From the investigation it is recognized that the effect of the policy development in the automobile businesses set up of Ahmedabad. This examination reasons that to diminish whittling down of automobile ventures should supportive make a few open doors for the development of their workers inside the organization by embracing new Innovative Technologies and Effective preparing programs.

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