

## “HOLISTIC PERFORMANCE APPRAISAL A NOVEL TRAINING NEED ANALYSIS TOOL FOR AUTOMOBILE INDUSTRY”

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### **Abstract**

*The development of global value chains has facilitated the rapid integration of emerging regions into the global economy, which are increasingly exerting competitive pressures on traditionally working automobile companies. This has placed the varying responsibilities on the shoulders of Automobile Industries such as expansion on a massive scale so as to attain competitive advantage, high market share. In spite of all automation efforts, people still play a key role in the implementation, operation and general success of a manufacturing system. A strong emphasis is therefore needed on people's unique role as innovators and decision-makers in the manufacturing enterprise which will enhance company's growth. Taking into consideration this fact, companies are focusing more towards the training and performance appraisal activities of employees. This research provides insights for emerging trends in performance appraisal practices and training for the significant interest in Human Resource Management. The study is based on secondary research which involves reviewing and critically analysing the scholarly literature that addresses issues similar to this research problem and thus will benefit the HRM practitioners and HRM scholars.*

**Key Words:** *Performance Appraisal, Issues in performance Appraisal, Holistic approach, Training Need Analysis.*

### **INTRODUCTION**

After the industrial revolution in emerging economy, lot of manpower oriented management practices also emerged around the globe in order to strengthen industrial or business management process in different countries. In India, the auto industry is one of the largest industries and is one of the key sectors of the economy. Today, India is emerging as one of the world's fastest growing passenger car markets and second largest two-wheeler manufacturer. It is also home to the largest motorcycle manufacturer and the fifth largest commercial vehicle manufacturer.

The emerging trends in the Indian Automobile Industry are Globalization, Export Hub for SUVs, Export of Compact cars to Europe, Foreign Direct Investment. The advent of newer technology & globalization has only paved the way for this sector to grow & flourish in the future.

The growth story for the Indian automobile industry in 2014 rode on the two-wheeler segment. The segment has clocked positive growth at 12.9 percent year-on-year to reach sales of nearly 13.5 million units by October 2014. The automobile industry accounts for 22 per

cent of the country's manufacturing gross domestic product (GDP). India is expected to become a major automobile manufacturing hub and the third largest market for automobiles by 2020, according to a report published by Deloitte.

Employee training and development activities are intended to improve performance. Unfortunately, most training and development activities fail in this respect because they are thrown at problems that are ill-defined or improperly identified. Comprehensive performance appraisal training and development enable organizations to validate that their employees have the right skills and knowledge to complete job tasks and produce quality products and services.

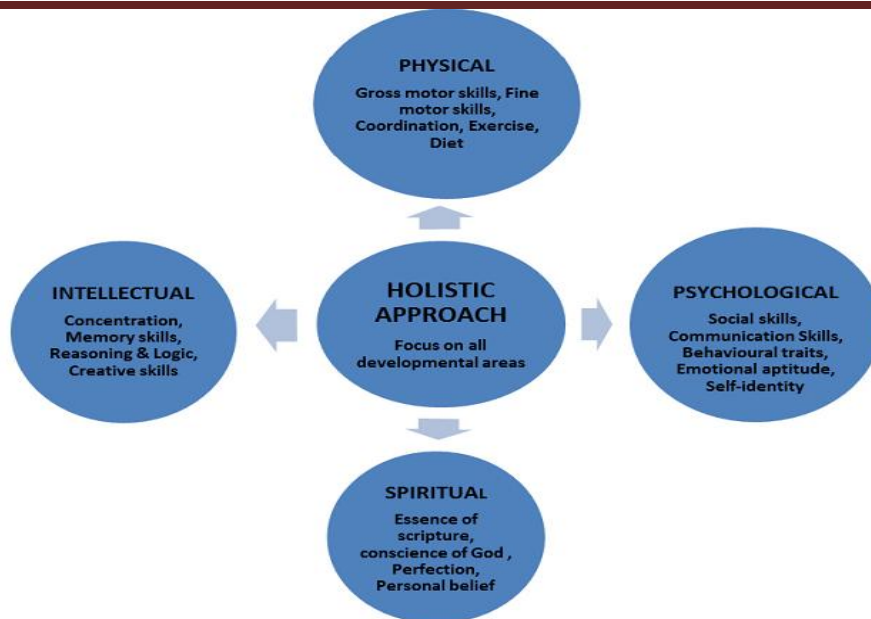
Conducting performance appraisals and agreeing personal development plans are the most common areas. An effective performance appraisal process aids management in decision-making processes associated with promotion, discipline and salary administration activities. Dealing with performance problems promptly avoids long-term issues, including legal liabilities. Designing a customized performance appraisal program and training staff on its use ensures performance criteria apply appropriately. Improved employee performance reduces costly mistakes, increases productivity and motivates all personnel to achieve strategic goals.

#### **ISSUES IN PERFORMANCE APPRAISAL AND TRAINING**

From a strategic point of view, performance appraisal activity is important to serve several main functions in the organisation. For the performance appraisal purposes, several objectives of training can be identified such as to develop the raters' skill, knowledge and abilities in performing their job; to uplift the credibility on appraisal process; to seal problems faced; to cope with new issues; to fulfil the demand for skilled workers; and to grasp on most successful asset of organisation. In general, training can be beneficial to an organisation through better understanding of the appraisal system; strengthening the misperception of the system; create sense of awareness and also by encouraging the organisation to be a learning organisation. For employees, training on appraisal can enhance their understanding on the system. Apart from upgrading their competency and efficiency, employees are able to discuss with the management group in improving performance appraisal's decision.

The main issue in the practice of performance appraisal activity is the fairness of the evaluation decision. The appraisal decision nowadays is confronted with a great deal of criticisms and comments from the employees and their unions.

One of the major applications of Performance Appraisal is training need analysis. A superfluous Performance appraisal can provide only a superfluous training need analysis. To have a solid Training Need Analysis, a Holistic Performance Appraisal is must. Prior to go for a holistic Performance appraisal, a keen understanding on Holistic Approach to Training is must.



## HOLISTIC APPROACH

Source: Joseph Tharayil (2013), *Entrepreneurship driver for economic growth*, Excel Books, New Delhi P:100

All are familiar with the the word "holistic" which means "relating to or concerned with wholes or complete systems rather than with the analysis of, treatment of, or dissection into parts" (anniesherbals.com). Holistic is characterized by the belief that the parts of something are intimately interconnected and explicable only by reference to the whole (Oxford Dictionary). It emphasizes the importance of the whole and the interdependence of its parts (The Free Dictionary).

A holistic approach to child development seeks to simultaneously address the physical, emotional, relational, intellectual, and spiritual aspects of a child life (Wiki-Answers). In child development, holistic refers to the regard of the growth and development of a child as a whole. This is so as to be much better equipped to understand why a child acts a certain way and the reasons behind the things they do. This shows that development consists of several inter-dependent dimensions (Ask.com).

A holistic approach is engaging and developing the whole person. It's the concept that the human being is multi-dimensional. There are conscious and unconscious aspects, rational and irrational aspects in a person. A person is a body-mind, not just intellect, but emotion, instinct, intuition, as well. One has to use all of their 'multiple intelligence' that means insight, rationality, logic, emotion, hunches, gut feel, creativity, a sense of harmony and rhythm to give maximum output (Boastl.com).

When we talk about employee we have to consider the person as a whole, the combination of physical, intellectual, psychological and spiritual entity. In general practice most of the firms are providing training to boost technical competency, which is a part of intellectual aspect. Some firms have started to provide a little bit of psychological training to boost the inter-personal relationship. If the employee has to give the maximum productivity, then all the

aspects of him/her have to be developed in a balanced manner. Here comes the role of Holistic Approach to Training.

As we have seen, the employee is a combination of physical, intellectual, psychological as well as spiritual aspects. These are not isolated or standalone aspects. They are inter-related with each other. For e.g. if a person is intellectually and psychologically sound but physically unfit, his productivity will go down. We see in the Holy Bible, just before his passion Jesus went with his disciples to a place called Gethsemane to pray. Then he returned to his disciples and found them sleeping. “Couldn’t you men keep watch with me for one hour?” he asked Peter. “Watch and pray so that you will not fall into temptation. The spirit is willing, but the flesh is weak.” (Matthew 26:40-43). It is the body which is implementing the decisions taken by mind. So to follow the instructions of mind, body should be sound.

For a person to perform in an optimized manner he/she should get trained in all aspects. To provide training in all fields or aspects a holistic training need analysis is required. As Performance Appraisal is used for Training Need Analysis a holistic approach in Performance Appraisal becomes inevitable.

#### **RELATED STUDIES**

In order to keep attrition low, managers must provide sufficient training to employees to attain the necessary KSA to perform better, so that older employees in the organisation are at the same expertise level as compared to their younger counterparts (Ian M. Taplin, Winston-Salem and Jonathan Winterton 2007). Well trained workers stay loyal to their employees (Sarah Leidner 2013).

Training, employee empowerment and rewards lead to high performance work practices at workplace and help retain employees (Osman M. Karatepe 2013).

As Russell and Russell (2011) recently pointed out about performance management (and applies to PA as a system), it is a process and not a single event—a format and not a form. The process/format area of concern includes all the doubts about the purpose, process, and outcomes of performance appraisals. When reading through the research conducted on performance appraisals, a major issue that arose time and time again was the integration of the PA within the organizations daily functions and overarching ideology. Without the full support of integrating the PA process from the top all the way down, the PA has no chance of being implemented successfully.

More recently a fifth entry has been Integrated Organizational Performance Management with vertical and horizontal loadings and strategic/operating plans and individual goals and metrics as described by McGrath (2010).

Grote (2010) points out that Performance Appraisal has more influence on individual careers and work lives than any other management process. Performance appraisal can both make a business more efficient and help keep employees motivated. By evaluating people at regular

intervals, appraisals help firms show where their employees excel, where they can improve, and how well they have followed the goals set by the firm.

As industrialization continued and bureaucratic organizations proliferated, however, the Performance Appraisal system similarly began to evolve. Kennedy and Dresser (2001) told how “organizations gradually adopted more refined methods for seeking improvement in workplace performance...eventually championing rewards over punishment, forsaking the stick for the carrot, arguing that performance should not only be appraised but also managed, and devising new and sometimes complex methods to improve performance” (Kennedy and Dresser, 2001, p. 8). Within the last thirty years scholars and professionals alike have vigorously analyzed and critically examined the use and effectiveness of performance appraisals within the organizational context.

More recent research has introduced additional factors. For example, training in the system has been linked with attitudes toward the appraisal process (Martin and Bartol, 1998; Roberts and Pavlak, 1996; Roberts, 1992).

To have a sound physical status, life style modification, which includes proper exercise and diet, is required. Worksites provide opportunities to promote the adoption and maintenance of healthy lifestyle behaviours, namely through established communication channels, existing support networks, and the worksite can serve as a vehicle for delivering interventions across multiple levels of influence including individual, personal, and environmental or organizational and policy influences (Sorensen et al., 2004).

#### **OBJECTIVE OF STUDY**

- To study the applications of Performance Appraisal system in Automobile industry.
- To provide a new dimension for performance appraisal system as training need analysis tool.

#### **RATIONALE OF THE STUDY**

The modernization of HR functions has given rise to an increased need for the development of new techniques of performance appraisals in the automobile industries. As identifying training needs and providing proper training to employees is very necessary nowadays for gaining the competitive advantage the companies need to focus on novel methodologies which can provide cascading effect. Considering this fact, the research has been carried out to pave way for a novel performance appraisal system having a holistic approach so that the training needs can be pin pointed and addressed precisely to meet the challenges faced in today's scenario.

#### **RESEARCH METHODOLOGY**

This research work is conceptual in nature. For this purpose secondary data in the related field from research and academic journals, magazines, books, newspapers, websites current literatures and other reference material available from various sources were used.

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## DISCUSSIONS AND SUGGESTIONS

Based on the literature review, many researchers have observed and discussed that assessing the performance of an employee is a difficult task and also to identify basic needs of training. Designing and giving proper training programmes in every organization is very important in present scenario. After adequate training sessions, it becomes quite easy for the superior to do the appraisal of an employee because after training skills, knowledge, working efficiency etc. will be enhanced which leads to motivated employee who work in a much better way .

As with the increasing competition and globalization, the companies try to focus more on the manpower because managing workforce and integrating all the HR practices, individual goals together with organizations goals is a big challenge. So, keeping the pace of current scenario and development, employees need to be more competitive in nature, should sustain the changes and could meet the new challenges.

Employees should be given proper training on how to improve performance which includes emotional balancing, behavioural modification, habit formation, life style alteration, relation improvement, integration of activities etc... This requires a Holistic Training. To achieve success in Holistic Training activity a Holistic Training Need Analysis is required. When Training Need Analysis is achieved through Performance Appraisal, it is a must to conduct a Holistic Performance Appraisal to achieve the overall performance level of a person by which the exact field of training and actual level of training required can be assessed.

- Performance Appraisal should evaluate all aspects of an employee which can reproduce the actual image of employee.
- Performance Appraisal should be effective enough to provide the necessary inputs to the Human Resource department so that they may be able to chalk out the employee development programs effectively.
- Performance Appraisal should be reframed so that it will be able to provide sufficient inputs for different requirements including Training Need Analysis.
- Performance Appraisal system should be modified in such a way that there should be room for both self as well as superior evaluation keeping in mind the individual and organizational goals.

## CONCLUSION

Performance Appraisal is a routine process in many organizations which is normally used for fixation of remuneration and perks. But if properly conducted the same data can be used for many applications including Training Need Analysis. This will increase the importance of this process as well as change the approach to this activity. At the same time the perception of training is to be changed keeping in mind the overall development of employee for the betterment of the organization. Considering the employee as an integral part of the organization and the employee growth as the key to organizational success will lead to the holistic development of the employee which will lead to the organizational success. Here comes the need of Holistic Performance Appraisal.

In a Holistic Performance Appraisal system the provision for self as well as superior should be there. The Performance Appraisal should have a cascading effect such that the current appraisal is the continuation of the previous one and a stepping stone for the future appraisals. The Appraisal should cover all the aspect of an employee so that the inter linkage and intra linkage of these aspects can be assessed and improved. The Performance Appraisal should achieve the status of key activity from the current routine activity and should be strengthened to be able to provide key inputs to the organizational development process.

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