

AN ANALYSIS OF POTENTIAL APPRAISAL IN ELECTRICAL MANUFACTURING COMPANIES

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ABSTRACT: The potential appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Potential appraisal approach in the same way as the performance appraisal with some adjustments. Potential appraisal is used in a number of human resource management functions such as human resource planning, promotion/termination decisions, and employee training and development. Because of different uses of potential appraisal, it has become one of the important tools for managing human resources throughout the world including India. Employees are the heart of every organization. When employees feel the organization is responsive to their needs and supportive of their goals, managers and leaders can count on their followers 'commitment and loyalty.

Key words: Potential appraisal, Employee's Competencies, leadership, Employee Capabilities and Prospective talent.

PROLOGUE:

Potential appraisal refers to the appraisal identification of the hidden talents and skills of an employee. The employee may (or) may not be aware of them. The potential appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.

The reviews revealed that the potential appraisal is a process of determining employee strength and weaknesses with a view to use this is a predictor of his future. It is an alternative tool to measure the performance of employees. Potential appraisal enhances the employee's competencies and improves the level of performance of an employee.

POTENTIAL APPRAISAL

In the modern era of human resource management appraisal system lays greater emphasis on the department of employees rather than on their evaluation. This is better fulfilled by the potential appraisal which involves assessing the capability of an employee which he possesses but that is not being utilized fully. A fundamental premise behind potential appraisal is that every individual has certain hidden qualities in varying proportion. When these qualities are not properly tapped and utilized, these remain dominant.

Steps in Potential Appraisal:

Potential appraisal approach in the same way as the performance appraisal with some adjustments. Usually in a potential appraisal following steps are involved:

The first step involved in potential appraisal is the determination of role dimensions for which an employee's potential is to be appraised. The role of dimensions can be identified by job description and specification which provide information about the responsibilities involved in a job and attributes required in the job holder. Usually, large organization prepares directory, for job descriptions and main specifications. The second, after the determination of various attributes required for the effective job performance, the mechanism for appraising these attributed in an employee should be determined. The mechanism involved should include the methods through which potential is to be appraised and the person(s) who will appraise. The third, At this stage, the potential of the employee can be appraised in the light of various attributed identified as above. The fourth, potential appraisal should be linked with other human resource management elements such as providing feedback and counseling, training and development, promotion, job rotation, etc. to make the appraisal meaningful.

Infanta Judith Priya J. G Ashok (2010), the study is to highlight the importance of potential appraisal that gives a whole new dimension to the appraisal system. The study is descriptive in nature and convenience sampling process was used for data collection, the application of Carl – Parsons' correlation clearly reviewed the study. The research indicated that there were discrepancies in successors identified based on performance appraisal and corrective interventions were suggested. This study

implies that potential appraisal has a direct impact on business by enhancing competencies and capabilities of the employees, developing leaders and building strong successors to raise the bar of business.

G. Sivaramakrishnan, Mohammed Sulaiman.I (2014), the study was to assess the effectiveness of the present performance appraisal system and suggest a potential appraisal as an alternative tool in Malabar cements. This study is based on primary data which is obtained from 100 employees. The applications of chi – square test and chart analysis helps to review the study. The research revealed that, potential appraisal is the alternate method of evaluation which helps to identify the prospective talent, contribute to the organization and promote sustainable growth of the organization through talent retention.

Potential appraisal is used in a number of human resource management functions such as human resource planning, promotion/termination decisions, and employee training and development. Because of different uses of potential appraisal, it has become one of the important tools for managing human resources throughout the world including India. Many companies in India undertake potential appraisal either independently of performance appraisal or integrating both the systems into one. However, potential appraisal system works better when it is taken independently.

Potential appraisal Factors are given below:

1. Direct impact on business
2. Employee's Competencies
3. Employee capabilities
4. Leadership qualities to built organization
5. Prospective talent in the organization

OBJECTIVES OF THE STUDY

1. To assess the employees potential appraisal
2. To measure employee competencies and leadership qualities

METHODOLOGY

The procedure used to gather data and information with the end goal of settling on business choices. The approach may incorporate distribution inquire about, meetings, reviews and other research methods, and could incorporate both present and chronicled data.

DATA COLLECTION

Satisfactory and significant information is fundamental for any important research. It frames the premise of the review by supporting the investigation. For any examination, the two sorts of information are important:

1. Primary sources
2. Secondary sources

Primary sources:

Essential Primary information of source is connected for getting the required and significant data gathered specifically from the general population, and throughout examination with individuals. About the course secured through exchanges with the general population and through survey.

Secondary sources:

Secondary wellspring of information is gathered from the web and from a few books. What's more, the general population gave a few information about the review and the important data to finish the review.

RESEARCH GAP:

1. This study mainly focuses on measurement on traditional HR measures and not a business impact measures.
2. The study reveals permanent and temporary employees in public sector & non-profit organization but not in the private sector employees.

Data Analysis:

The potential appraisal consists of five variables in five point scale. The application of factor analysis over the five analyses derives the following results

Table 1: KMO and Bartlett's Test for Potential Appraisal

| | | |
|--------------------------------------------------|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .648 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1719.784 |
| | Df | 42 |
| | Sig. | .000 |

Source: computed data

From the above table, it is found that the KMO measure of sampling adequacy .648, Bartlett's test of sphericity with approximate Chi-square value 1719.784 are statistically significant at 5% level.

This indicates the entire ten variables represent potential appraisal is normally distributed and they are conducive enough to reduce them into predominant factor. The individual variances are presented in the following communalities.

Table 2: Communalities for Potential Appraisal

| | Initial | Extraction |
|-----|---------|------------|
| PO1 | 1.000 | .640 |
| PO2 | 1.000 | .511 |
| PO3 | 1.000 | .465 |
| PO4 | 1.000 | .761 |
| PO5 | 1.000 | .647 |

Extraction Method: Principal Component Analysis.

Source: computed data

From the above table, it is found that the individual variances of the ten variables range from .406 to .828. It implies the variance have the bounds from 40.6% to 82.8%, which is a statistically significant range. This leads to the reduction of factors as shown in the table below.

Table 3: Total Variance Explained for Potential Appraisal

| Component | Initial Eigen values | | | Rotation Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.187 | 31.868 | 31.868 | 2.958 | 29.583 | 29.583 |
| 2 | 1.879 | 18.786 | 50.654 | 1.710 | 17.102 | 46.685 |
| 3 | 1.174 | 11.741 | 62.395 | 1.571 | 15.710 | 62.395 |
| 4 | .942 | 9.424 | 71.819 | | | |
| 5 | .817 | 8.168 | 79.987 | | | |

Extraction Method: Principal Component Analysis.
Source: computed data

From the above table, it is found that the ten variables are reduced into three predominant factors. The cumulative variance of the three factors is found to be 62.395% and individual variance of the three factors are given by 29.583%, 17.102%, 15.710% respectively.

The variable loadings in each factor are given in the following. The first factor consists of one variable

1. Potential appraisal has a direct impact on business. (.594)

Therefore, this factor can be named — Prospective Talent

Human resource plays a very important role in finding talented people in the organization. The potential appraisal has a direct impact on business. The employee performance increases the overall performance level of an organization.

The second factor consists of six variables

5. Helps to identify the prospective talent in the organization. (.804)

2. Enhances employee's competencies. (.672)

Therefore, this factor can be named — Managerial Capabilities

The third factor consists of three variables

4. Enhances leadership qualities to built organization for the future. (.846)

3. Employee capabilities are more important for the success of the organization. (.597)

Therefore, this factor can be named — Group Effectiveness

Team work or group performance enables improvement in work and increases the level of production, which leads to high profit of the organization. Employee commitment and goal achievement are important for the success of the organization. It enhances leadership equalities to built organization for the future, which contribute and promote sustainable growth of the organization.

CONCLUSION

Employees are the heart of any organization. When employees feel the organization is responsive to their needs and supportive of their goals, managers and leaders can count on their followers 'commitment and loyalty. The human resource manager and leader work on behalf of both the organization and its people, seeking to serve the best interests of both. The potential appraisal of manufacturing companies enhances prospective talent, as well as managerial capabilities of the employees. Group effectiveness of the employees leads to organization development. Knowledge sharing among employees, which leads to more satisfaction and increases productivity of the organization. Potential appraisal is the alternate method of evaluation which

helps to identify the prospective talent, contribute to the organization and promote sustainable growth of the organization through talent retention.

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