

Performance Appraisal Techniques Followed by Small-Scale Units in Pune¹

***Sapte Anita Shripatrao, **Dr. Sujay Madhukar Khadilkar**

**Research Scholar, **Research Supervisor*

Himalayan University,

Itanagar, A.P.

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ABSTRACT

India is renowned for its social and historical past. India is wealthier in many ways, which is why several nations have conquered it and dominated it for many years. Every time, it overcomes its challenges and emerges from extinction to reclaim its place. Almost 200 years of Great Britain's dominance over our country saw them steal our riches. The path to our Freedom was built by the steadfast and unrelenting efforts of our heroes. After gaining independence, the Indian government has taken various actions to rebuild our economy, and one of those initiatives is the development of the small-scale industry. After more than 60 years of independence, India now confronts fresher challenges in every industry. Among the numerous is the small-scale sector. The Small-Scale Sector faces several issues as a result of its nature. Both the Central and State Governments then, as well as presently, offer several subsidies, assistances, and tax reductions to counteract the challenges. The Small-Scale Sector is given consideration, although it nonetheless encounters challenging circumstances. Notwithstanding these issues, the SSI Sector also benefits from several potential characteristics. Yet, the severity of the issues and the opportunities varies from sector to industry. This study project aims to understand the current issues that SSIs are facing as well as the potential outcomes from the viewpoint of the SSI Units.

Keywords: *Small scale units; pune; performance appraisal.*

INTRODUCTION

The idea of a small company arises when someone desires to work for themselves and start their own firm, which inspires others to establish new businesses or industries. These MSMEs are crucial in giving the local or rural population job possibilities. As more individuals choose to work for themselves and their per-capita income rises, this indirectly boosts GDP. A new figure indicates that MSMEs provide 49% of all exports from India, which suggests that they are expanding. Yet, young people and educated jobless people are not using it. Governments should seek out such individuals and encourage them to launch new businesses so that India's MSMEs may rule the globe and evolve into a developed nation.

This industry provides rapid and widespread employment with smaller investments, which addresses several issues, including poverty and unemployment. It also ranks as the second biggest employer of laborers, after agriculture. India, one of the economies with the greatest growth rates in the world, needs to provide MSMEs the best chance for expansion in order to maximize their contribution to the aforementioned sectors.

Yet, Small Scale Industries are the ones that provide a relatively little contribution to this growth, despite the fact that industries generously support major improvements in the nation. This essay provides a brief analysis of SSI sectors based on a case study we did on a small industry and an examination of reports on the expansion and development of small businesses by different writers. Their stagnation in growth and development is mostly caused by elements like a bad working environment, a lack of government technical and financial assistance, intense rivalry with large-scale units in the market, etc. Hence, taking into account all of the fundamental issues that an industry encounters and our findings, a list of workable proposals that might improve these industries' operations and functioning can be taken into consideration.

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REVIEW OF LITERATURE

Sulaiman, Mukhtar & Abubakar, Ahmed (2019) The following individual goals helped to accomplish the overall goal: Identify the different kinds of small-scale enterprises, look at their challenges, and evaluate how they affect the Kakuri industrial area's economic growth. The research determined the main issues facing small-scale industries (SMIs), such as insufficient financing, a lack of or change in the price of raw materials, weak infrastructures, etc., that limit SMIs' ability to expand. According to the study's conclusions, the government should provide small businesses in need of infrastructure like roads and dependable electricity supplies easy loans. The government could also give young people more influence by providing them with training and startup funding.

Suryakumar, M. (2019) Whether it is established, developing, or not yet formed, small scale industry plays the role of the protagonist in every manner. Yet even among the world's developing and newly founded nations, it is able to establish itself in a prominent and dominant manner. It offers plenty of room to take use of new technology while still wisely conserving the benefits of old technologies. SME's are one of the foundational elements of Indian industry, hence it is hard to imagine how a contemporary economy might run without them. Small-scale industry plays a vital role in India, where it has been highlighted in almost every five-year plan for its importance to employment, production, and export. Every research or study done in this area is thus very important.

Vetrivel, Krishnan (2019) This essay analyzes the growth, structural changes, and issues encountered by the chosen small scale units (SSUs) in Tiruchirapalli taluk, one of the industrially affluent taluks in Tamil Nadu state, after briefly outlining the current industrial scenario in India and Tamil Nadu. It has been discovered that the entrepreneurs have made the most of the overall policy and physical environment.

Ilahi, Saud (2018) Compared to the entire industrial sector, the MSME sector has regularly had stronger growth rates in recent years. Delhi has grown to become one of the nation's largest MSMEs hubs. Delhi's function as a catalyst for the growth of the industries in the NCT has developed throughout time. This article focuses on the problems facing and the potential for MSMEs in Delhi. In spite of challenges in funding, technology, infrastructure, marketing, and human resources, among others, this industry may make important contributions to India's economic growth. Several suggestions for bettering the environment for MSMEs have been made after a study was conducted to better understand the problems faced by Delhi company owners.

Mukherjee, Sonia (2018) Companies from neighbouring countries offer stiff competition in terms of export competitiveness. Many reasons, including an unwillingness to embrace new technology, have contributed to this. This calls for prompt response. The Case Analyses We look at the case of India's coir industry, a traditional export sector that faces severe competition from rivals producing synthetic goods. The value of exports has not risen much over the past five years, according to the trend in exports. This shows up in fewer purchases, higher prices for similar products from rivals, and thinner profit margins, if not outright losses. Strong focus should be placed on using cutting-edge technology, which may be accomplished through education, the use of proven methods, the creation of new products, and technological cooperation with outside allies. Multiple MSME technology-related programmes are routinely introduced by the Indian government. More effort is still required, though.

Priyanka, Ms & Com, Joshi & Tigari, Dr. (2018) The idea of a small company arises when someone desires to work for themselves and start their own firm, which inspires others to establish new businesses or industries. These MSMEs are crucial in giving the local or rural population job possibilities. As more individuals choose to work for themselves and their per-capita income rises, this indirectly boosts GDP. A new figure indicates that MSMEs provide 49% of all exports from India, which suggests that they are expanding. Yet, young people and educated jobless people are not using it. Governments should seek out such individuals and encourage them to launch new businesses so that India's MSMEs may rule the globe and evolve into a developed nation.

RESEARCH METHODOLOGY

This investigation is empirical in nature. A variety of books, journals, periodicals, theses, newspapers, research papers, government reports, and websites are used to gather the secondary data. A well-designed questionnaire is used to gather the primary data. 450 people are included in the intended sample size since nonresponse instances will be expected.

DATA ANALYSIS & INTERPRETATION**TABLE 1****TYPE OF BUSINESS AND PERFORMANCE APPRAISAL**

Type of business	Yes	No	Total
Agriculture based	51	136	187
	(27.30%)	(72.70%)	(100.00%)
Textile and Chemical based industry	33	98	131
	(25.20%)	(74.80%)	(100.00%)
Engineering	17	80	97
	(17.50%)	(82.50%)	(100.00%)
Others	8	27	35
	(22.90%)	(77.10%)	(100.00%)
Total	109	341	450

According to the Table 1, out of 187 Agriculture based units, 27.3 per cent of them have been applying performance appraisal system to motivate their employees whereas 72.7 per cent of them have not been applying any such system. In the case of 131 textile and chemical based industry units, 25.2 per cent of them have been adopting any performance appraisal system for motivating the employees while no such systems have been followed by 74.8 per cent of these units. The proportion of engineering units following performance appraisal systems was found to be 17.5 per cent whereas the units which have not been following performance appraisal systems represented 82.5 per cent of the engineering units.

Out of 35 units doing other types of business, 22.9 per cent of them have been practicing performance appraisal systems to motivate the employees while 77.1 per cent of them have not been practicing any performance appraisal system. It implies that the majority of the small scale units do not follow any performance appraisal system irrespective of the type of business they are carrying on.

- **Performance Appraisal Techniques**

There have been many performance appraisal techniques followed by large scale units. Certain medium scale units also practice any of these performance appraisal techniques. It is understood that small scale units are not effectively following any performance appraisal techniques. In the case of units with few employees, it is easy and possible for the employers to measure the performance directly by observation. However, certain small-scale units adopt performance appraisal techniques in order to motivate the employees. The appraisal techniques followed by the small-scale units have been analysed in this study.

TABLE 2

TYPE OF BUSINESS AND PERFORMANCE APPRAISAL TECHNIQUES

Type of business	Ranking methods	Paired comparison	Grading	Forced distribution methods	Check list methods	Field review methods	360 degree appraisal	Others	Total
Agriculture based industry	13	16	4	6	7	2	2	1	51
	(25.50%)	(31.40%)	(7.80%)	(11.80%)	(13.70%)	(3.90%)	(3.90%)	(2.00%)	(100.00%)
Textile and Chemical based industry	7	9	4	5	2	2	2	2	33
	(21.20%)	(27.30%)	(12.10%)	(15.20%)	(6.10%)	(6.10%)	(6.10%)	(6.10%)	(100.00%)
Engineering	4	4	5	0	2	0	2	0	17
	(23.50%)	(23.50%)	(29.40%)	(0.00%)	(11.80%)	(0.00%)	(11.80%)	(0.00%)	(100.00%)
Others	2	2	1	0	1	0	2	0	8
	(25.00%)	(25.00%)	(12.50%)	(0.00%)	(12.50%)	(0.00%)	(25.00%)	(0.00%)	(100.00%)
Total	26	31	14	11	12	4	8	3	109

It is identified that out of 450 sample units, performance appraisal techniques have been followed by 109 units only. Among these units, ranking methods have been adopted by 26 units; paired comparison technique has been followed by 31 units and grading technique has been adopted by 14 sample units. Out of 109 units following performance appraisal techniques, 11 of them have been practicing forced distribution methods; and 12 of them have been following check list methods. Field review methods have been adopted by 4 units and 360 degree appraisal technique was followed by 8 units. Other methods have been adopted by 3 sample units.

CONCLUSION

It is concluded that The performance appraisal techniques have been adopted by 109 out of 450 sample entrepreneurs only. Out of these entrepreneurs, paired comparison method and ranking method were the widely used performance appraisal techniques followed by grading and check list methods whereas the other methods of performance appraisal were not familiar among the small scale entrepreneurs.

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