**1.1 INTRODUCTION**

In today’s competitive era, it is important to maximize the productivity of an organization. Performance appraisal is considered to be an important tool for improving productivity as it makes worker effective & active in their work. Performance appraisal leads to form a management group which improves the performance of company gradually. It is a procedure that evaluates the performance of individual personnel & the measures to improve it so that it can contribute to overall organizational performance. Motivation plays crucial role in performance appraisal. Likert says, Motivation as a willingness to expand energy to achieve a goal or a reward.‖ Motivation is the primary energizer that drives employee‘s effort towards predetermined goals of an organization. The output of every organization depends on how well the performance of employee is evaluated & appraised.

Performance appraisal is a critical tool for organizations to assess and enhance employee performance, aligning individual goals with overall business objectives. It serves multiple purposes, such as recognizing top performers, identifying areas for improvement, and ensuring that employees are adequately supported in their career development. In recent years, performance appraisals have evolved from traditional annual reviews to more comprehensive systems incorporating continuous feedback, 360-degree evaluations, and goal-setting strategies.

This project focuses on Aditya Birla Fashion and Retail Limited (ABFRL), one of India's leading fashion retail companies, known for its brands like Louis Philippe, Pantaloons, Van Heusen, and Allen Solly. With over 3,200 stores and a strong workforce, ABFRL places significant importance on managing talent effectively. The company's performance appraisal system is a key aspect of its HR strategy, playing a vital role in employee motivation, retention, and development.

This study aims to analyze the effectiveness of ABFRL’s performance appraisal system, evaluating its impact on employee motivation, career development, and overall job satisfaction. It will also explore employee perceptions of fairness and transparency, identify challenges faced in the appraisal process, and provide recommendations for improvements. The analysis will be based on employee feedback collected through surveys, providing real-world insights into the strengths and limitations of the current appraisal system at ABFRL.

**1.2 THEORETICAL FRAMEWORK OF THE STUDY**

**PERFORMANCE APPRAISAL**

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of periodic interviews, in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strength as well as opportunities for improvement and skills development.

Performance appraisal is the process of evaluating personnel job performance and his potential for development. Appraisal is the valuation of work, quality or merit. In the organizational context, performance appraisal is the systematic evaluation of personnel superiors or others who are familiar with the performance of personnel. In other words, it is a systematic and objective way of judging the relative worth or ability of an employee in performing his job. Performance appraisal and merit rating are used synonymously. Performance appraisal is a wider term than merit rating.

According to Dale S. Beach, "Performance appraisal is systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. And according to Dale Yoder, "Merit rating refers to all formal procedures used in working organization to evaluate personalities and contributions and potential of group members. In the words of Shubin, "Performance appraisal is a systematic appraisal of the employee's personality traits and performance on the job and is designed to determine his contribution and relative worth to the firm".

**BRIEF HISTORY OF PERFORMANCE APPRAISAL**

The origins of performance appraisal can be traced back to the early stages of organizational development during the Industrial Revolution. As companies grew larger and more complex, there was a need to evaluate employee performance to ensure productivity. Initially, these evaluations were informal and focused primarily on outputs and results.

The first formalized system of performance appraisal emerged in the early 20th century with the advent of scientific management principles introduced by Frederick W. Taylor. Taylor’s focus on efficiency and task measurement laid the groundwork for standardized performance evaluations. However, these early methods were rigid and task-oriented, offering little consideration for employee development or motivation.

In the 1940s, with the rise of human resource management as a discipline, performance appraisal began to shift from solely measuring outputs to assessing behaviors, skills, and potential. The U.S. military during World War II played a significant role in this shift, as they developed performance evaluation techniques to assess leadership potential and soldier capabilities.

The 1950s and 60s saw the emergence of Management by Objectives (MBO) introduced by Peter Drucker. MBO emphasized aligning individual goals with organizational objectives and became a popular method for appraising managerial performance. By the 1970s, behavioral approaches like the Behaviorally Anchored Rating Scale (BARS) were developed to provide more objective and measurable evaluations.

The 1980s and 90s introduced more participatory and inclusive appraisal methods, such as 360-degree feedback, where employees received feedback from peers, subordinates, and supervisors. This period also saw the integration of technology into performance management systems, streamlining the process and allowing for better documentation.

Today, performance appraisal has evolved into a continuous, technology-driven process that focuses on real-time feedback, employee engagement, and development. Modern appraisal systems emphasize collaboration, goal alignment, and the use of data analytics to track and improve performance. Despite these advancements, challenges such as bias, transparency, and employee dissatisfaction with traditional appraisal methods remain.

The evolution of performance appraisal reflects the broader shift in workplace culture from rigid, task-based evaluations to more flexible, people-centered approaches aimed at fostering growth, motivation, and organizational success.

**DEFINING PERFORMANCE APPRAISAL TODAY**

Today, performance appraisal has evolved into a dynamic and multifaceted process that focuses not only on evaluating employee performance but also on driving growth, engagement, and alignment with organizational goals. Unlike its historical roots, which were primarily about measuring outputs and efficiency, modern performance appraisals emphasize a holistic approach to assessing skills, behaviors, and potential.

Performance appraisal today is a continuous and collaborative process. It involves ongoing feedback and communication between employees and managers, rather than being a one-time annual event. This approach ensures that employees receive timely and actionable insights to improve their performance and achieve their goals.

Technology integration plays a significant role in shaping performance appraisal today. Advanced tools and platforms enable real-time tracking of performance metrics, goal-setting, and data analytics, providing both managers and employees with detailed insights into progress and areas for improvement.

Modern performance appraisal also prioritizes employee development and engagement. Organizations focus on identifying strengths, addressing weaknesses, and creating personalized development plans. This shift aligns with the broader organizational objective of fostering a positive work culture and retaining top talent.

Moreover, performance appraisal today emphasizes fairness and transparency. Tools such as 360-degree feedback and data-driven evaluation methods aim to reduce biases and ensure that appraisals are objective and equitable.

In the current context, performance appraisal is not just about evaluating the past but also about planning for the future. It serves as a strategic tool to align individual objectives with organizational goals, promote professional growth, and create a motivated and high-performing workforce.

**FEATURES OF PERFORMANCE APPRAISAL**

* Performance appraisal is a continuous process which consist of a series of steps.
* It is the systematic examination of an employee's strength and weakness in terms of the job.
* It is a scientific study.
* It is arranged periodically according to a definite plan.
* The main purpose of performance appraisal is to secure information necessary for making objective and correct decision on employees.
* It is an impartial rating of employee's excellence.

**OBJECTIVES OF PERFORMANCE APPRAISAL**

* **Evaluate Employee Performance**

Performance appraisal helps organizations measure employees’ effectiveness in their roles by evaluating their work outcomes, skills, and contributions. This ensures that employees are meeting job expectations and standards.

* **Provide Feedback**

Appraisals offer employees valuable insights into their strengths and areas for improvement. Constructive feedback motivates employees to refine their skills and achieve better results.

* **Identify Training Needs**

Appraisals help in identifying gaps in employees’ skills or knowledge, enabling HR to design targeted training and development programs to address these areas.

* **Facilitate Career Development**

By understanding employees’ aspirations and potential, appraisals guide them toward growth opportunities within the organization, such as promotions or new roles.

* **Align Goals**

Performance appraisals ensure that individual goals align with organizational objectives, fostering a sense of purpose and unity in achieving shared success.

* **Recognize Achievements**

Recognizing and rewarding employees’ efforts and accomplishments enhances job satisfaction, boosts morale, and encourages continued high performance.

* **Support Decision-Making**

Appraisal outcomes provide data for making key decisions regarding promotions, salary adjustments, transfers, and even succession planning.

* **Improve Organizational Performance**

By identifying strengths and addressing weaknesses at an individual level, appraisals contribute to the overall productivity and efficiency of the organization.

* **Enhance Communication**

Appraisals open channels for meaningful dialogue between employees and managers, fostering trust, understanding, and collaboration.

* **Employee Retention**

By addressing employees’ concerns, recognizing their contributions, and supporting their development, appraisals help in retaining talented employees and reducing turnover.

**PROCESS OF PERFORMANCE APPRAISAL**

* Determining objectives: This is the first step in performance appraisal process. First of all, the objective of the performance appraisal is to be determined. It may be to evaluate the actual performance of the individual on the job or to determine the potential of individual to higher post or both.
* Establishing performance standard or criteria: Performance appraisal is to be done on the basis of standard set up for appraising the performance of employees. Job performance standards are to be fixed which is related with the work requirements that are expected from an employee on a particular job. These are the criteria against which performance is judged.
* Communicating the standards: After determining the criteria or standard of performance, it must be communicated to employees. By knowing the performance standards, employees are able to know what is really expected from them. The standards of performance expected from employees should also be communicated to the evaluators. If there is any objections or suggestions regarding these standards, it may be recorded. The standards can be modified in the light of suggestions and recommendations obtained from evaluators and employees.
* Measuring performance: This is the stage in performance appraisal process. The actual performance of employees must be measured. Standard and well accepted performance measurement technique should be used for measuring the performance. Personal observations, written reports, face to face interaction are the common methods used to collect information relating to performance.
* Comparing the actual performance with standards: This is the next step in the performance appraisal process. After measuring the actual performance, it should be compared with the standards. Such a comparison will help to highlight the deviations of actual performance from standard. These deviations may be either positive or negative.
* Discussion: After that it is necessary to communicate the results of the appraisal to the employees. Not only the deviations but also the reasons for deviations are analyzed and discussed with the employees. The discussion will enable the employees to know their individual strength and weakness. By knowing this, he tries to improve the performance in future.
* Corrective action: By way of conducting discussion with employees, the steps needed for improving performance can be identified and on that basis corrective action can he taken. Coaching, training, counselling etc. can be conducted to improve the performance of employees.

**METHODS OF PERFORMANCE APPRAISAL**

In actual practice several methods are used for evaluating performance of employees. However, formal performance appraisal programs have often yielded unsatisfactory and disappointing results. Some critics even suggest to discard performance appraisal as it seems to be worthless.

But considering the scope and usefulness of appraisal programs, the problem is whether to abandon them; rather it should be how to make them more useful in evaluating performance. One important reason for failure is that companies often select aimlessly from the wide set of performance appraisal techniques without result thinking about the suitability of a particular technique to an organization.

Each performance appraisal techniques has its own combination of strength and weakness, and none of the methods is able to achieve all the purpose of performance appraisal systems. The best practice which can be adopted is to select an appropriate appraisal method to achieve a particular performance appraisal goal. The important technique of performance appraisal are traditional and modern methods

**Traditional methods:**

* **Ranking method:**

It is simple and easy method of judging the work performance of employees in a group. Ranks are assigned in order of their performance. The workers differ in their performance. The best performer is ranked first and the worst worker is ranked last. Under this method, employees are rated on overall basis with reference to their job performance. This method can be used when the number of individuals is less. This method has certain limitations. There is the chance of bias in judgment because appraisal is not based on specifically defined measures of job related performance. This method only indicates how a person stands in relation to others in group. It does not indicate how much a person is better or worse than others.

* **Paired comparison methods:**

This technique is probably more accurate than alternation ranking. But with large numbers of employees it becomes extremely time consuming and difficult to conduct. Each person is compared with other persons in pairs at one time. Only one trait is considered each time of comparison. The number of times an employee is judged better than the others determines his rank.

* **Graphic rating scales:**

 This is the oldest and most popular method. This technique is more consistent and reliable too. Typically a graphic scale assesses a person on the quality and quantity of his work (is he outstanding, above average or unsatisfactory) and on variety of other factors that vary with jobs but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication.

* **Check list method:**

A checklist is statement of traits and performance of employees on the job. It is prepared in 2 column namely a "Yes' column and a "No' column. The appraiser is required to read the statement and put a tick mark in 'Yes' column if the statement is positive and in 'No' column if the statement is negative. After ticking against the item, the rater forwards the list to Human Resource Department. Actual evaluation is done by HR department. The HR department assign certain points to each "Yes" ticked. The total score is arrived by adding the points assigned to 'Yes' ticked. When points are allotted to the check list, the check list becomes a weighted check list.

* **Forced distribution method:**

This technique was developed to reduce bias and establish objective standards of comparison between individuals, but it does not involve the intervention of a third party.

* **Critical incident appraisal:**

 The critical incident technique looks like natural method of performance appraisal because it gives a supervisor actual, factual incidents to discuss with an employee. Supervisors are asked to keep a record on each employee and to record actual incidents of positive or negative behaviour. The supervisor records the employee's behaviour not traits during critical events. The critical events may be good or bad. The rating is done on the basis of employee's positive or negative behaviour during these events. For example supervisor records the behaviour of employees when a sudden breakdown of machinery occurred.

* **Field review method:**

An officer of human resource department reviews employee's record and holds interview with the ratee and his supervisor. The officer who is the interviewer prepares question in advance and is asked. The supervisor answers questions regarding subordinates level of performance, his work in progress, his strength and weakness, promotional potential etc. The officer takes detailed notes of the interview. These notes are then approved by supervisor and placed in employee's service record. As per the system, the rater is not required to fill the appraisal form. The raters bias are considerably reduced. Field review method is useful when comparable information is needed from employees in different units.

* **Essay appraisal method:**

 This technique asks the rater to write a paragraph or more converting an individual's strength, weakness, potential and so on. In most selection situations, particularly those involving professional, sales or managerial positions, essay appraisals from former employers, teachers, or associates carry significant weight. The assumption seems to be that an honest and informed statement from someone who knows a man well is fully valid and satisfactory. In case of existing employees the supervisor writes a detailed report about the employee's performance. He describes the employee's strength and weakness under a number of heads.

**Modern Methods:**

* **Assessment centers:**

This type of appraisal technique is used when employees are considered for promotion to higher posts. An assessment center is a central location where a group of employees come together and work on an assignment for two or three days.

* **Human resource accounting method:**

This method is in transitional stage Human resources are considered as valuable assets of an organization. The performance in judged in terms of costs and contribution of employees. Cost of human resources includes expenditure incurred on human resource planning. recruitment, selection, orientation and placement. Contribution is measured in terms of money. This is money value of labour productivity. Difference between cost and contribution shows the performance of employees.

* **Behavioural Anchored Rating Scales (BARS):**

It is sometimes called behavioral expectation scales. This method is a combination of graphic rating scales and critical incident method. BARS are the scales which represent a range of descriptive statements of behavior varying from the least to the most effective. It is the expected behavior. The appraiser observes the behavior of employees. This observed behavior is compared with the BARS. In other words, it is the comparison of actual behavior with the expected behavior. The ratings under BARS method is done by experts.

* **Management By Objective (MBO):**

It is a process whereby superiors and subordinate managers of an organization jointly identify its common goals, define cache individuals major areas of responsibility in terms of results expected of him and are these measures as guides for operating the unit and assessing the contribution of each of its members. In other words it can be defined as a system of improving performance, both of the individual managers and of the enterprise, departments and manager's level. It involves appraisal of performance against clear, time bound and mutually agreed goals.

* **360 Appraisal method:**

Under this method, data relating to the skills, abilities and behaviours of workers are gathered from various sources such as managers, peers, subordinates, customers and clients. The appraisal is made about these workers on the basis of the data collected from these persons from whom the worker usually interacts. Besides appraising the behavior of the worker, his other attributes such as talents, behaviour, values and consideration are also appraised. The Human Resource Department then consolidates the appraisal input, identify the points of consensus and provide feedback to the appraiser as to how to overcome the weakness as identified in the appraisal. In India, many corporations like Reliance, Godrej, Wipro etc. are making use of this technique. This technique is called 360 degree because it has four integral components that are customer or client appraisal, superior appraisal, subordinate appraisal and press appraisal. These four components complete 360 degree each one representing a 90 degree of overall appraisal.

**THE ROLE OF HUMAN RESOURCE DEPARTMENT IN PERFORMANVE APPRAISAL**

* **Designing the Appraisal System:**

 HR is responsible for developing a clear, structured, and effective performance appraisal system that aligns with organizational goals and values.

* **Setting Clear Criteria:**

HR ensures that the performance criteria are well-defined, measurable, and relevant to each employee’s role.

* **Training Managers:**

HR provides training to managers and supervisors on how to conduct fair and constructive performance appraisals, ensuring consistency across the organization.

* **Facilitating Feedback:**

 HR helps establish processes for continuous feedback and supports regular check-ins between employees and their managers to enhance performance development.

* **Ensuring Fairness and Objectivity:**

HR ensures that the performance appraisal process is free from biases and that evaluations are based on objective data and behavior, not personal opinions.

* **Maintaining Records:**

HR is responsible for maintaining accurate and confidential records of employee performance appraisals and feedback.

* **Linking Performance to Rewards:**

 HR ensures that high performance is recognized and rewarded, linking appraisal outcomes to promotions, raises, and other incentives.

* **Facilitating Employee Development:**

HR identifies training and development needs based on appraisal feedback and helps employees develop the necessary skills for career growth.

* **Handling Disputes and Grievances:**

 HR mediates conflicts related to performance appraisals, addressing concerns and ensuring that employees feel heard.

* **Reviewing and Improving the Process:**

 HR regularly reviews the appraisal system to ensure its effectiveness, making necessary adjustments based on employee feedback and organizational needs.

**NEEDS AND IMPORTANCE OF PERFORMANCE APPRAISAL**

* **Development and training needs of employees:** Performance appraisal is much useful in analyzing training and development needs of employees. Performance appraisal reveals people who require further training to improve their performance.
* **Helps to improve performance:** It can be used to improve performance of employees through proper feedback, working and counselling employees.
* **Helps to take personnel decisions:** It provides valuable information for personnel decision such as pay increases, promotion, demotion, transfer and terminations.
* **Useful to rectify the effectiveness of recruitment, selection etc.:** It helps to judge the effectiveness of recruitment, selection, placement and orientation system of the organization.
* **Creation of competitive spirit:** A competitive spirit is created and employees are motivated to improve their performance.
* **Helps to develop confidence among employees:** Systematic appraisal of performance helps to develop confidence among employees. Employee's grievance can be reduced.
* **Aids to personnel research:** Performance appraisal aids in research in the field of personnel management. Theories in personnel field are the outcomes of efforts to find out the cause and effect relationship between personnel and performance.
* **Identify strength and weakness:** Performance appraisal tries to identify the strength and weakness of employees on the present job.
* **Systematic evaluation:** It helps supervisors to evaluate the performance of their subordinates systematically.
* **Feeback:** A performance appraisal provides useful feedback to the employees, supervisor and personnel specialists and allows them to take corrective measures to improve performance further.

**EFFECTIVE REQUIREMENTS OF AN EFFECTIVE PERFORMANCE APPRAISAL**

* **Confidence and mutual trust:** A good atmosphere should exist in the organization to create confidence and mutual trust among employees. Good and cordial relationship should be developed between management and employees. Under these circumstances a good performance appraisal system can be implemented and better results can be achieved.
* **Definite objectives:** The objectives of performance appraisal must be definite and clear. It should be relevant and fair.
* **Well defined performance standards:** Well defined performance criteria should be developed. Standard appraisal forms should be used for evaluation. Procedures and techniques adopted in appraisal should be standardized. Employees should get chances of involvement in setting performance standard. They should be fully aware of the performance standard set.
* **Training:** Proper training should be given to appraiser. They should have
* knowledge of philosophy and techniques of appraisal. They must have knowledge and skills in documenting appraisals, conducting post appraisal Interviews, rating errors etc.
* **Job related behaviour:** The appraiser should focus on job related behaviour and performance of employees. They should prepare a checklist and use it for appraisal purpose. Appraisal should be done periodically and systematically Documentation: Proper documentation of appraisal should be done. The raters should be able to justify this rating.
* **Feedback and participation:** The employees should get feedback concerned with their performance appraisal. They should actively involve in fixation of performance standard and evaluation.
* **Size of the organizations:** The size, number of employees, organizational set ete. must be considered while designing the appraisal system.
* **Post appraisal review:** After appraisal, the rater should conduct an interview with employees. It will help to supply feedback, to know the environmental difficulties faced by workers and their training needs.
* **Review and appeal:** A review committee should be formed to review the situation. The executive and personnel experts should be included in the committee. The committee should verify whether the raters are strict or lenient. They will compare the ratings with operational results. If there is any unusual appraisal, the raters are asked to give tangible proof on support of his ratings. Provision must be made for appeal in case the employee is not satisfied with the evaluation of his performance.

**TYPES OF APPRAISAL**

* **Formal appraisal:** This type of appraisal is adopted by medium and large-scale industries. The appraisal is done by step-by-step process. So there is a formal procedure for appraisal of employees. A professional approach is followed in performance appraisal.
* **Informal appraisal:** Informal appraisal is conducted in small units having only a few personnel. The appraisal is done without involving any formal procedure. The management and ownership of business is vested in the hands of same person. It is a casual, unsystematic and haphazard appraisal.
* **Appraisal by subordinates:** Here employees evaluate superiors. In most cases subordinates are not competent to evaluate superiors because they are young or inexperienced to realize the importance of their officer's responsibilities.
* **Individual appraisal:** One person conducts appraisal of his entire subordinates.
* **Group appraisal:** Here the rating is done by a group of supervisors. They sit together and evaluate the performance of employees.
* **Initial appraisal:** This type of appraisal is done during training period to assess the worth of the individual on the job to be assigned and his future potentialities.
* **Promotional appraisal or potential appraisal:** It is done to select the candidate for promotion training. The personnel are selected for the training after having been appraised of the worth of the present job and potential for higher jobs.

**LIMITATIONS OF PERFORMANCE APPRAISAL**

* Inconsistent ratings: Different supervisors may appraise a particular employee differently and ratings may not be consistent.
* Personal bias of appraiser: The raters ratings are also influenced by his personal bias. Sometimes the rater may evaluate an employee on the basis of religious belief, habits etc. It will definitely influence the ratings done by the ruter.
* Leniency or strictness: Some raters are lenient while others are strict. So in the first instance the employee is over rated and in the second instance he is under rated. This tendency may be avoided.
* No definite standards: If performance standards fixed is not definite and clear, the supervisor may follow different standards for ratings.
* Lack of reliability: Inconsistent use of measuring standards and lack of training in appraisal technique may reduce reliability.
* Incompetence: Due to lack of knowledge and skills, the raters may fail to evaluate performance accurately.
* Similarity error: The raters try to find out those qualities in subordinates which he himself possesses. Those who show the same characteristics will be given a high rate by the rater.
* Trade union resistance: Trade unions will resist performance appraisal. They argue that it involves discrimination among employees.
* Average rating: When a high or low rate is given, the appraiser is required to give sufficient reasons or justification. To avoid this, evaluators give average ratings to all employees. Actually it is a common error committed by the rater.
* Halo effect: An employee may be rated high or low on the basis of general impression. One trait of employee influences the rater's appraisal on all other traits. That means the rater is influenced by one or more outstanding good or bad performance. For example a person who does not shave regularly, may be considered as lazy at work and underrate. Halo effect can be avoided if the rater is provided a general list of characteristics and asked him to evaluate on the basis of this list.

**PERFORMANCE APPRAISAL AT ADITHYA BIRALA FASHION AND RETAIL LIMITED**

Aditya Birla Fashion and Retail Limited (ABFRL) employs a structured performance appraisal system to assess and enhance employee performance across its various locations, including Bangalore. This system is integral to the company’s talent management framework, which includes processes such as 360-degree feedback and succession planning.

**The performance appraisal process at ABFRL typically involves:**

* Setting Clear Objectives: Employees and managers collaboratively establish performance goals aligned with organizational objectives.
* Continuous Feedback: Regular feedback sessions are conducted to monitor progress, address challenges, and provide guidance.
* Formal Evaluation: At designated intervals, a comprehensive assessment of employee performance is conducted, considering achievements, competencies, and areas for improvement.
* Development Planning: Based on appraisal outcomes, personalized development plans are created to support career growth and skill enhancement.

Employee reviews regarding the appraisal process at ABFRL are mixed. Some employees appreciate the structured approach and opportunities for growth, while others feel that the process could be more transparent and aligned with market standards.

In Bangalore, ABFRL maintains a significant presence, and the performance appraisal system is consistently applied to ensure uniformity and fairness across all locations. The company emphasizes employee development and strives to create a supportive work environment.

Overall, ABFRL’s performance appraisal system is designed to foster employee development and align individual performance with the company’s strategic goals. While the system has its strengths, there is room for improvement to enhance employee satisfaction and effectiveness.

**Advantages of the Study**

* **Insight into Appraisal Effectiveness:**

The study will provide detailed insights into how effective ABFRL’s performance appraisal system is in enhancing employee performance and satisfaction.

* **Recommendations for Improvement:**

By identifying gaps and challenges in the current system, the study will offer valuable recommendations to ABFRL for refining their appraisal process.

* **Employee Perception Analysis:**

Understanding how employees perceive the fairness and transparency of the appraisal system can help the company address issues related to employee dissatisfaction and turnover.

* **Contribution to HR Practices:**

The study will contribute to the existing body of knowledge in HR management, specifically in performance appraisals within the retail sector, providing a case study for other organizations in similar industries.

**Disadvantages of the Study**

* **Limited Generalizability:**

The findings from this study may not be universally applicable to other organizations outside of ABFRL due to differences in company culture, workforce dynamics, and organizational practices.

* **Subjective Responses:**

Employee responses to surveys and interviews may be influenced by personal biases, which could limit the objectivity of the findings.

* **Time Constraints:**

The study is conducted over a relatively short time frame, potentially missing out on long-term trends and changes in employee performance and appraisal perceptions.

* **Limited Sample Size:**

The study focuses on a specific number of employees within ABFRL. A larger sample size might have yielded more comprehensive results.

**1.3 STATEMENT OF THE STUDY**

Performance appraisal is an important tool for motivating employees in organization. Appraisals have the power to motivate employees because they provide the number of interconnected benefits, like they demonstrate the need for improvement. If employees don‘t have a clear understanding of how they have been performing, they can‘t be motivated to make any improvements. overall, Performance appraisal help employees work efficiently. Businesses can increase their productivity by creating evaluation systems and using them on a regular basis, providing constructive feedback and offering competitive rewards.

## 1.4 SCOPE OF THE STUDY

The report covers the details of the analysis of performance appraisal in the workplace. The report consists the observation during the internship period in the ADITHYA BIRLA FASHION AND RETAIL LIMITED, Bangalore. The study helps to understand the performance appraisal program in the workplace.

## 1.5 OBJECTIVES OF THE STUDY

* To study the performance appraisals at ADITHYA BIRLA FASHION AND RETAIL LIMITED, Bangalore.
* To study the impact of performance appraisal
* To analyse the performance and satisfaction of employee in the workplace.

## Hypothesis

* H0: There is no relation between gender and employee satisfaction level

 H1: There is a relation between gender and satisfaction level

* H0: There is no relation between effectiveness of performance appraisal communication and satisfaction of performance appraisal

H1**:** There is relation between effectiveness of performance appraisal communication and satisfaction of performance appraisal**.**

## 1.6 RESEARCH METHODOLOGY

### **Descriptive research design**

Descriptive research has been used in this study. It is mainly used to describe the characteristics of the population that is being studied. Descriptive research primarily focuses on describing the nature of a demographic segment of the study.

### **Sample size of the study**

The population of the study is 150 and the sample size of the study is 100

### **Duration of the study**

The duration of the study was 45 days.

## METHODS OF DATA COLLECTION

### **Primary Data**

### Primary data were collected from the employees of the company directly

### **Secondary Data**

### Secondary data for the study was collected from company website, research articles and magazines.

**TOOLS FOR ANALYSIS**

The tools used for the analysis are:

* Percentage analysis
* Chi square analysis

The chi square is commonly used for testing relationships between categorical variables. The null hypothesis of the chi-square test is that no relationship exists on the categorical variables in the population.

## 1.7 LIMITATIONS OF THE STUDY

* The study was time consuming because of the busy schedule of employees.
* The responses given by the employees may not be true or may be biased.
* Data availability constraints due to data confidentiality

## 1.8 CHAPTER SCHEME

* CHAPTER -1

 Introduction in first chapter includes introduction to the study, theoretical aspects, statement of the research problem, significance of the study, hypothesis, methodology of the study, chapter scheme, and limitations of the study.

* CHAPTER -2

 Review of related literature

 In second chapter it refers to background of the organization study Analysis of literature.

* CHAPTER -3

 Profile of the company. It includes Industry profile & Company profile

* CHAPTER -4

 Data analysis and interpretation.

 In fourth chapter to collect the customer data sources

 It is required to include analysis of data using diagram and graph, the output obtained by using statistical data.

* CHAPTER -5

 Finding, recommendations and conclusion.

 In fifth chapter It includes that what are the findings of the project and organization explain in the last chapter, and in my own words I conclude the project and what I understand my project base I give the suggestions to the organization.

**2.1 LITERATURE REVIEW**

**According to McBeath et al** (1976), in discussing salary administration, commented that equitable salary surveys of competitive levels, employee appraisal and effective salary planning. For them, appraisal is part and parcel of an important personnel activity salary planning and administration. They are keen to accept, however, that, it is clearly essential to make some attempt at measurement of performance if the appraisal is to be taken seriously as a factor which will influence salaries.

**According to Hodgetts and Kroeck** (1992), hold the view that performance appraisal is the systematic observation, evaluation and description of work-related behavior. By this, an employee is observed from time to time by critically considering what knowledge, ability and skills he uses to accomplish.

**According to Karol** (1996) performance appraisal includes a communication event planned between a manager and an employee specifically for the purpose of assessing that employee‘s past job performance and discussing areas for future improvement.

**According to fletcher and Williams** (1996), regular meeting should be conducted by employee and supervisor for posterity. continuous communication to employees about the progress they are making in their area of expertise/ operation is important as alluded by Longenecker (1997). Feedback on how the employee is performing in relation to their assignment is always valuable and contributes to an employee performing better. The response they get should be definite, sensible and measurable set targets agreed beforehand. Every employee is entitled to a progress report of the actions with in the area of jurisdiction.

**According to Boice and Kleiner** (1997) point out that the organizational objectives must be determined first before embarking on a performance management system in order to make it effective. Procedural fairness focuses on the fairness of procedures employed in deciding the outcomes (Thibaut and Walker 1975; Folger, Knovsky and Cropanzano 1992). Appraisal satisfaction is employee satisfaction with the appraisal system, and is considered the most consequential among all the variables that measure reactions to appraisal feedback (Giles and Mossholder 1990; Keeping and Levy 2000; Levy and Williams 2004).

Performance appraisal system is a combination of all the factors like proposed strategies involving performance appraisal, reward and recognition systems are suggested and analyzed in order to improve performance (Marchant, 1999).

**According to Brumbrach** (1988, cited in Armstrong, 2000): ‗Performance can be actions as well as their consequences. Behaviours originate from a performer and convert performance from a concept to an act. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.

**According to jabeen** (2001) conducted a study on the impact of performance appraisal on employees‘motivation.it is indicated that performance appraisal motivates employees through remuneration. Performance appraisal system is not only an important tool of HRM to develop their employees, but is also used by different companies to reward their employees in form of bonuses, promotions, and pay raise etc. Usage of performance appraisal to reward employees is also used by different theories of motivation like reinforcement theory etc. (Talya and Berim, 2010). Feedback richness refers to a performance appraisal environment where employees receive specific, frequent, and timely feedback (Kinicki, Prussia, Ben and McKee-Ryan 2004). Perceived accuracy of appraisals is one of the most widely used criteria for effectiveness in appraisal research (Cardy and Dobbins 1994) and is related to various appraisal outcomes such as appraisal satisfaction and motivation to improve performance (Taylor et al. 1995; Findley, Giles and Mosslander 2000; Wood and Marshall 2008;Selvarajan and Cloninger 2009).

**According to Dessler** (2005), performance appraisal means evaluating employees ' current and or past performance relative to his or her performance standards. That is employees will be assessed after a given period of time what they have been able to achieve by a target set. This will also help supervisors to know how well their subordinates are performing on their jobs.

**Rafiqul** (2006) According to this notion, an effective performance evaluation system is a tool for evaluating employee performance and recommending ways to increase individual and organizational efficiency. Employee performance evaluations using the AHP (analytic hierarchy process) on ISMS personnel are the topic of this case study. AHP can be used to assess employee output in terms of quantity and quality of work, planning and organization, initiative and commitment, collaboration and cooperation, communication, and external influences. The usage of AHP in the ISMS Company has a number of benefits, including the fact that it is quick and easy to adopt due to its standardization, and it may meet subjective needs. It instantly assembles a team of decision-makers to address a specific issue.

The different techniques are used for performance appraisal that is can be divided as Traditional and non-traditional form. The traditional form of appraisal is also known as ―Free Form Method it is just involved the overseeing and description of employee performance by his boss or superior (IJBMR, 2012). From the last few years the non- traditional form of appraisal is common in practices (Coens and Jenkins, 2000; Lawler, 2000). (Dorfman, 1986; Locke &Latham, 1984; Latham & Wexley, 1981) Mostly these techniques are used in throughout world for appraisal method.

* 1. Assessment center
	2. Behaviorally anchored rating scales (BARS)
	3. Human resource accounting method
	4. 360 Degree Performance Appraisals
	5. Management by objectives (MBO).

**According to jabeen** (2001) conducted a study on the impact of performance appraisal on employees ‘motivation.it is indicated that performance appraisal motivates employees through remuneration.

**According to Yee C. C. and Y.Y.Chen** (2009) The Multifactorial Evaluation Model was studied in relation to the Performance Appraisal System. Employee performance evaluation is critical in managing an organization's human resource. Maintaining talented knowledge workers is crucial as the economy shifts to information-based capitalism. However, deciding whether a performance is "excellent," "bad," or "average" is a difficult issue for management. Furthermore, in the absence of a formal appraisal system, superiors may prefer to rate their subordinates' work performance informally and arbitrarily. The authors of this work suggested a performance appraisal system that uses a multifactorial evaluation model to deal with appraisal grades that are frequently expressed in ambiguous linguistic ways. The proposed methodology is for assessing employee performance based on predetermined performance appraisal criteria. The project was a partnership with one of Malaysia's leading information and communication technology companies on its performance rating procedure.

**According to Rocio de Andres** (2010) looked into Distance function approaches are used to evaluate performance. Some companies use performance appraisal to analyse their employees' efficiency and production in order to plan their promotion, wage, and layoff policies, among other things. Initially, only the executive staff carried out this procedure, but it has since grown into an evaluation process based on the opinions of many reviewers, supervisors, collaborators, consumers, and the employees themselves (360-degree method). Reviewers analyse several signs connected to an employee's performance appraisal in such a process. The authors of this research proposed an evaluation system in which diverse groups of reviewers participate in the evaluation process. Given that reviewers have varying levels of knowledge about the employee being evaluated, it appears reasonable to provide a flexible framework in which reviewers can express their opinions on multiple finite scales based on their expertise. The ultimate goal is to create a global appraisal for each employee that the management team may use to make decisions about human resources strategy. In this way, the authors suggested a mechanism for aggregating individual valuation in a framework measure in order to achieve a global evaluation for each employee. The underlying optimization problems can be simplified to a fairly simple Extended Goal Programming formulation in this application.

**According to Manish Khanna** (2014) Performance appraisal is significant since it is an important part of any company's human resource strategy. Managing individual and team performance to accomplish corporate goals has a clear value. Performance appraisal is a significant instrument in the hands of personal management because it achieves the department's major goal of appraising the individual's worth, which is the major goal of the department of people development. Employees and their supervisors can collaborate to improve job results and satisfaction through the performance management process. When both the employee and the supervisor take an active role and work together to achieve the organization's goals, this approach is most effective. The management and the employee meet once a year for an appraisal. However, various trends are altering the appraisal's style and interaction. The authors reviewed certain unstructured appraisal methodologies, classic methodologies, and new performance appraisal strategies in this paper.

**According to AbteenIjadiMaghsoodi** (2018) The selection of appropriate Performance Appraisal (PA) techniques and financing scales for organizations in today's dynamic andagile environments is a challenging subject. Performance appraisal has evolved into a strategic strategy to merging company policies with human resource activities in modern enterprises. Finding the best PA approach is more difficult due to the presence of various elements in the decision-making process. The current study uses a multiple criteria decision analysis method,

MULTIMOORA integrated Shannon's entropy significant co- efficient, to examine PA methods. Using correlation coefficients of the final entropy values, the final rankings of the organizational components are compared to TOPSIS and TOPSIS incorporated Shannon's entropy approaches. A case study on the optimal PA method selection is analyzed by identifying the criteria and alternatives based on the literature and expert comments of the case study using two approaches, MULTIMOORA and Entropy MULTIMOORA. Finally, the selected optimal method used in the case study and results are displayed and detailed with a thorough example after determining the ideal PA technique, which is 360-degree feedback.

## 3.1 INDUSTRY PROFILE

The Indian fashion retail sector is a vibrant and dynamic industry that plays a crucial role in the country’s economy. As one of the fastest-growing retail markets globally, India's fashion retail sector is a significant contributor to the nation's GDP and employment. The sector is characterized by a rich tapestry of cultural influences, evolving consumer preferences, and a rapidly expanding middle class with increasing disposable incomes. Historically, Indian fashion has been deeply rooted in traditional attire, but the sector has evolved significantly over the years, incorporating global fashion trends while maintaining its unique cultural identity.

The word “Retail” comes from an old French word “Retaillier” which means “to cut off” in terms of tailoring. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale and supplying them to consumers on a relatively small scale. A Retailer is a person or an agent or an agency or company or organization who is instrumental in reaching the goods or merchandise or services to the end user or ultimate consumer. Retail involves the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Demand is identified and then satisfied through a supply chain. Attempts are made to increase demand through advertising. In 2000s, an increasing amount of retailing began occurring online using electronic payment and delivery via courier or via postal mail. Retailing as a sector includes subordinated services such as delivery. The term “retailer” is also applied where a service provides services the small orders of a large number of individuals, rather than large orders of a small number of wholesale, corporate or government clientele. Shops may be on residential streets, streets with few or no houses or in a shopping mall. Shopping streets may restrict traffic to pedestrians only. Sometimes a shopping street has a partial or full roof to create a more comfortable shopping environment that protects customers form the weather conditions such as extreme temperatures, wind or precipitation. Some forms of non-shop retailing include online retailing and mail order.

Shopping generally refers to the act of buying products. Sometimes this is done to obtain final goods, including necessities such as food and clothing; sometimes it takes place as a recreational activity. Recreational shopping often includes window shopping and browsing; it does not always result in a purchase.

## Global Scenario

Retail has played a major role world-wide in increasing productivity across a wide range of consumer goods and services. The impact of this can be best seen in countries like U.S.A., U.K., Mexico, Thailand and more recently China. Economies of countries such as Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily helped by the retail sector. Retail is the second-largest industry in the United States both in number of establishments as well as in number of employees. It is also one of the largest world-wide. The retail industry employs more than 22 million Americans and generates more than D3 trillion in retail sale annually. Retailing is a U.S. D7 trillion sector. Wal- Mart is the world’s largest retailer. Being the world’s largest employer with over 1 million associates, Wal-Mart displaced oil giant Exxon Mobil as the world’s largest company when it reported D219 billion in sales for fiscal 2001. Wal-Mart has become the most successful retail brand in the world due its ability to leverage size, market clout, and efficiency to create market dominance. Wal-Mart heads Fortune magazine list of top 500 companies in the world. Forbes Annual List of Billionaires has the largest number (45/497) from the retail business.

The retail industry has witnessed several changes during the study period with changing economic conditions across the world. The global economy, which slowed in 2019, crashed in 2020 due to the COVID-19 outbreak, resulting in a challenging forecast period for the retail industry. As the majority of products in the industry are sensitive to the economic cycles, the retail industry is expected to show slow recovery during the initial forecast period, yet the customer necessity for the majority of products is anticipated to drive the market once the situation settles down.

The global retail industry is mature and highly competitive in the developed economies of Europe and North America. On the other hand, the developing economies of Asia- Pacific, the Middle East, and Latin America have been instrumental in driving the market growth. Countries, such as Singapore, Malaysia, and Thailand, are popular shopping destinations in the Asia-Pacific region, with visitors contributing substantially to the retail sectors in the respective markets. Tourists are augmenting the demand for products related to fashion, apparel, and electronics. Consumer spending, which typically accounts for more than two-thirds of the GDP, has been a key indicator of the health of the retail market. Moreover, the increasing strength of online shopping has been a major driver (especially during the COVID-19 crisis). Apart from this, the growing smartphone penetration across countries is driving the e-commerce channel.

Also, IoT, augmented reality, and other disruptive technologies are reshaping the retail industry. However, price variation between online and brick-and-mortar stores can challenge the retail market growth.

## Retail scenario in India

Retailing in India is one of the pillars of its economy and accounts for over 10 % of its GDP and around 8 % of the employment. The Indian retail market is expected to be US D 1 trillion by 2020 driven by urbanization, attitudinal shift and income growth .The overall retail market is expected to grow at 12 % per annum; modern trade would expand twice as fast as 20 % per annum and traditional trade at 10 %.

India’s Business to Business (B2B) e-commerce market is expected to reach USD 700 billion by 2020. Online retail is expected to be at par with the physical store in the coming five years. India is expected to become the world’s fastest growing e-commerce market, driven by high investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about the growth of Indian e- commerce markets. The sales of Indian e-commerce are estimated to reach USD 120 billion by 2020 from USD 30 billion in FY2016. Also, it is expected that India’s e- commerce market would reach USD 220 billion in terms of Gross Merchandise Value (GMV) and 530 million shoppers by 2025, led by faster speeds on reliable telecom networks, faster adoption of online services and better variety as well as convenience India is one of the fastest growing retail markets in the world, with 1.2 billion people. Organized retailing, in India refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, etc. these include the publicity traded supermarkets, corporate- backed hypermarkets and retail chains, and also privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local corner shops, owner manned general stores, convenience stores, hand car, petty shops and pavement vendors, etc. Indian retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians the typical Indian shops are very small in size. Over 14 million outlets operate in the country and only 4 % of them being larger than 500sq ft (46 m2) in size. Vast majority of unorganized retail shops in India employ family members, do not have the scale to produce or transport products at high volume wholesale level, have limited to no quality control or fake-versus-authentic product screening technology and have no training on safe and hygienic storage, packaging or logistics. The unorganized retail shops source their products from a chain of middlemen who mark up the product as it moves from farmer or producer to the customer. The un organized retail shops typically do not offer after- sales support or services and mostly all the transactions at unorganized retail shops are done with cash.

## Retail in India: Historical Perspective

Retailing is the largest private industry in India and second largest employer after agriculture. The sector contributes to around 10 per cent of GDP and 6-7 per cent of employment. With over 15 million retail outlets, India has the highest retail outlet density in the world. This sector witnessed significant development in the past 10 years – from small unorganized family-owned retail formats to organized retailing. Liberalization of the economy, rise in per capita income and growing consumerism have encourage larger business houses and manufactures to set up retail formats; real estate companies and venture capitalist are investing in retail infrastructure. Many foreign retailers have also entered the market through different routes such as wholesale cash-and-carry, local manufacturing, franchising, test marketing, etc. With the growth in organized retailing, unorganized retailers are fast changing their business models and implementing new technologies and modern accounting practices to face competition. The retailing sector in India has undergone significant transformation in the past 10 years. Traditionally, Indian retail sector has been characterized by the presence of a large number of small-unorganized retailers. However, in the past decade there has been development of organized retailing, which has encouraged large private sector player to invest in this sector. Many foreign players have also entered India through different routes such as test marketing, franchising, wholesale cash-and-carry operation. With high GDP growth, increased consumerism and liberalization of the manufacturing sector, India is being portrayed as an attractive destination for foreign direct investment (FDI) in retailing.

At present this is one of the few sectors, which is closed to FDI. Within the country, there has been significant protest from trading associations and other stakeholders against allowing FDI in retailing. In India, the retail sector is the 2nd largest employer after agriculture. In fact due to wide network of retailing in India it is known as nation of shopkeepers. There are about 12 millions retail outlet spread across India and the country has the highest density of shops in the world i.e. one shop for every 20 to 25 families or 11 retail shop for every 1000 persons. While it is only four shops per 1000 in USA. Retailing in India provides employment to about 7% of total work force in the country and contributes about 14% to GDP of India. However the retailing sector in India is highly fragmented and consists predominantly of small, independent and owner managed shop.

The Global Retail Development Index developed by A.T Kearney has ranked India first among the top 30 emerging markets in the world. A look at the landscape of most of the cities in India shows the rapid phase of change. This changes in reflection of the changes in the Indian consumers his lifestyle and his habits. Goldman Sachs has estimated that the Indian economic growth could actually exceed that of China by year 2015. It is believed that the country has the potential to deliver the fast growth over the next 50 years. It took 10 years for the first 2500 organized retail stores to emerge in India; the next 2500 could easily get added in the next 5 years. Formats new to the India market place have emerged rapidly over the past ten years. There is little doubt that retail in India is reveling up for an exciting phase ahead.

## Emergence of Organized Retail in India

The emergence of first phase of organized retailing in India can be traced back when a shopping centre into existence in the year 1869 with Mumbai Crawford Market. After that, in the year 1874 Hogg market, popularly and better known as new market came into existence in Calcutta (Now known as Kolkata) this shopping centre was designed by an East Indian Railways Co. Architect R.R. Banya and was named after the then municipal commissioner of Calcutta Sir Stuart Hogg. Earlier the Hogg market even had a garden with a beautiful fountain adding to its ambience and benches too for tired shoppers. Today, the New Market continues to be a premier shopping area in Kolkata despite a part of it being incinerated in late 1985. Its red-brick Gothic clock-tower today bears testimony to the past Grandeur of this first shopping centre in India. Today from linen to cakes and fruits to fishes everything is available at the New Market Atta reasonable price and this has made the New Market sustain its popularity among the metro customers of Kolkata. The tenant mix of this first shopping centre is unique as it has a large number of 2000 stalls which are organized in an order of merchandize. There are rows of stalls dealing with one particular line of Goods.

The earliest seed of the so-called specialty malls can be traced to shopkeepers who stocked goods of the same product category in a particular locality. If one were to go back to the early 80s, it can be said that organized retail, to a great extent was visible in the functioning of stores such as ‘Akbarally’ in Mumbai and ‘Nilgiris’ and ‘Spencers’ in Chennai. These stores later evolved into multichain outlet and were the first to bring on the ‘onset of organized retail’ in India. The evolution of PDS (Public Distribution System) of Grains in India having its origin in the rationing system introduced by the British during World War II was example of single largest retail chain in the country the canteen stores Department and the Post Offices in India are also among the largest network of outlets in the country, reaching populations across state boundaries. The Khadi and Village Industries (KVIC) was set during post Independence and today it has more than 7000 stores across the country. While Independence retail stores like Akbarally’s, Vivek’s and Nallis have existed in India for a long time, Reliance , Garden silk mills, Madhura Garments, Arvind mills etc have set up show rooms for retail sale of their branded products.

At present India is rapidly evolving in to an existing and Competitive market place with potential target consumers in both the rich and middle class segments. Manufacturer owned and retail chain stores are springing up in urban area to market consumers goods in a style similar to that of mall in more affluent countries. Even though big retail chain like Crossroad, Saga and Shopper’s stop are concentrating on the upper segment and selling products at higher prices, some like A.V Birla Retails. More, RPG’s Spencers, Food World and Big Bazaars are tapping the huge middle class population. During the past two years , there has been tremendous amount of Interest in the Indian retail trade from global majors as well as over the years, International brands like McDonalds, Swarovski, Lacoste, Domino’s, Pepsi Benetton among a host of others have come in and thrived in India.

## Market size

As per Kearney Research, India’s retail industry is projected to grow at 9% over 2019- 2030, from US$ 779 billion in 2019 to US$ 1,407 billion by 2026 and more than US$ 1.8 trillion by 2030. Revenue of India’s offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US$ 1.39-2.77 billion) in FY20. India’s direct selling industry is expected to be valued at US$ 2.14 billion by the end of 2021. E-Retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart ‘How India Shops Online 2021’ the e-retail market is expected to grow to US$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years. Despite unprecedented challenges, the India consumption story is still robust. Driven by affluence, accessibility, awareness and attitude, household consumption stood at Rs. 130–140 trillion (US$ 1.63-1.75 trillion) in 2021. India has the third-highest number of e-retail shoppers (only behind China, the US). The new-age logistics players are expected to deliver 2.5 billion Direct-to-Consumer (D2C) shipments by 2030. Online used car transaction penetration is expected to grow by 9x in the next 10 years.

According to recent industry reports, the e-commerce industry witnessed a phenomenal 36.8% YoY growth in terms of order volumes. As consumers prefer to shop online throughout the year, this fast-changing consumer preference towards online shopping reveals the mature status acquired by e-commerce brands in India. As of 2021, there were 1.2 million daily e-commerce transactions. The total value of digital transactions stood at US$300 billion in 2021 and is projected to reach US$ 1 trillion by 2026. Online shoppers in India are expected to reach ~500 million in 2030 from +150 million in 2020.

India’s digital economy is expected to touch US$ 800 billion by 2030 and the E- Commerce market is expected to touch US$350 billion in GMV by 2030.

## Investments/ Developments

The Retail sector in India has seen a lot of investments and developments in the recent past.

* Reliance Industries is likely to sell another 8-10% stake in Reliance Retail Ventures Ltd (RRVL) to fund expansion, retire debt and prepare for the initial public offering of the conglomerate's retail business.
* Reliance Consumer Products, the FMCG arm of Reliance Retail announced the launch of its made-for-India consumer packaged goods brand 'Independence' in Gujarat.
* IKEA, the Swedish furniture maker has drawn up plans to invest Rs. 850 crore in its Indian operation.
* Swedish retailer H&M is set to launch its home décor and accessories products such as dinnerware and bed linen in India next month. H&M HOME will be
* available on the company’s website and through Myntra in March.
* Lulu Group, a UAE-based retail company, will invest Rs. 2,000 crore to develop a shopping mall near Ahmedabad in Gujarat as part of its plans to expand business in India.
* India’s retail trading sector attracted US$ 4.48 billion FDIs between April 2000- June 2023.
* According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India’s Consumer Price Index (CPI) based retail inflation stood at 6.44% YoY in February 2023.
* In November 2022, Aditya Birla Fashion and Retail Ltd. entered a strategic partnership with the Galeries Lafayette to open luxury department stores and a dedicated e-commerce platform in India.
* In August 2022, Louis Philippe, India’s leading premium menswear brand from Aditya Birla Fashion and Retail Ltd., announced the launch of its outlet in Vadodara, Gujarat.
* In August 2022, Wipro Consumer announced the launch of traditional snacks and spices as it forays into packaged foods.
* In July 2022, Reliance Brands Limited (rbl) partnered with Maison Valentino to bring to India the most established Italian Maison de Couture.
* In June 2022, Reliance Brands Limited inks a JV with plastic legno spa to strengthen toy manufacturing ecosystem in India
* In June 2022, Aditya Birla Group formally launches TMRW – a Digital First ‘House of Brands’ venture in the Fashion & Lifestyle space
* In May 2022, Reliance brands limited (rbl) partnered with Tod’s S.p.A, the iconic Italian luxury brand to become the official retailer of the brand across all categories including footwear, handbags and accessories in the Indian market.
* In April 2022, Wipro Consumer Care inaugurated its factory in Telangana. It has invested in a state-of-the-art soap finishing line that runs on highest speed of 700 Nos of soap /minute.
* In FY22 (till 20th March 2022) total number of digital payment transactions volume stood at Rs. 8,193 crore (US$ 1.05 billion).
* In July 2023, UPI transactions were valued at Rs. 15.33 lakh crore (US$ 185.60 billion).
* In March 2022, Reliance Brands has bought the India franchisee rights and the current Sunglass Hut retail network from DLF Brands.
* Retail tech companies supporting the retail sector with services such as digital ledgers, inventory management, payments solutions, and tools for logistics and fulfillment are taking off in India. In the first nine months of 2021, investors pumped in US$ 843 million into 200 small and mid-sized retail technology companies, which is an additional 260% of capital compared to the entire 2020.
* In November 2021, Department for Promotion of Industry and Internal Trade announced that it is working on a regulatory compliance portal to minimize burdensome compliance processes between industries and the government.
* In October 2021, retailers in India increased by 14% compared with last year
* With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.
* In October 2021, Reliance announced plan to launch 7-Eleven Inc.’s convenience stores in India.
* In October 2021, Reliance Retail introduced Freshpik, a new experiential gourmet food store in India, to expand its grocery segment in the ultra-premium category.
* In October 2021, Plum, the direct-to-consumer beauty & personal care brand, announced plan to launch >50 offline stores across India (by 2023) to expand its customer base.
* Tanishq, Shoppers Stop and Bestseller India (sells fashion brands Vero Moda, ONLY and Jack & Jones) plan to add 10-35 stores in FY22.

## Government initiatives

The Government of India has taken various initiatives to improve the retail industry in India. Some of them are listed below:

* In April 2022, the government approved PLI scheme for textiles products for enhancing India’s manufacturing capabilities and enhancing exports with an approved financial outlay of Rs. 10,683 crore (US$ 1.37 billion) over a five- year period.
* In October 2021, the RBI announced plans for a new framework for retail digital payments in offline mode to accelerate digital payment adoption in the country.
* In July 2021, the Andhra Pradesh government announced retail parks policy 2021-26, anticipating targeted retail investment of Rs. 5,000 crore (US$ 674.89 million) in the next five years.
* Government may change Foreign Direct Investment (FDI) rules in food processing in a bid to permit E-commerce companies and foreign retailers to sell Made in India consumer products.
* Government of India has allowed 100% FDI in online retail of goods and services through the automatic route, thereby providing clarity on the existing businesses of E-commerce companies operating in India.
* The Minister of MSME announced inclusion of retail and wholesale trades as MSMEs. Retail and wholesale trade will now get the benefit of priority sector lending under the RBI guidelines.

## Road ahead

The COVID-19 pandemic has caused changes in consumer preferences, habits, and attitudes over the past two years. This has a significant impact on how people buy and consume goods and services. Global retailers are now using cutting-edge business strategies to take advantage of new retail opportunities. Consumers no longer distinguish between offline and online consumption channels. Due to this, major companies are experimenting with different ways to design seamless retail experiences that are integrated across all channels. By utilising both established e-commerce platforms and traditional techniques, retailers are also experimenting with revenue models to improve their customer value offer.

E-commerce is expanding steadily in the country. Customers have the ever-increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in retail industry, and this trend is likely to continue in the years to come.

Retailers should leverage digital retail channels (E-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier II and tier III cities. Online retail market in India is projected to reach US$ 350 billion by 2030 from an estimated US$ 55 billion in 2021, due to rising online shoppers in the country. Online penetration of retail is expected to reach 10.7% by 2024 versus 4.7% in 2019. Nevertheless, long-term outlook for the industry looks positive, supported by rising income, favourable demographics, entry of foreign players, and increasing urbanisation.

## Fashion Retail Scenario in India: Trends and Market Dynamics

The Indian retail market is expected to show a promising year-on-year growth of 6 % to reach USD 865 billion, by 2023, from the current USD 490 billion. The share of apparel in India’s retail market is 8 %, corresponding to a value of USD 40 billion. In addition to fashion apparel, the growing demand for fashion accessories makes the Indian fashion market both interesting and profitable. The Indian fashion retail market has seen several fascinating changes and challenges in recent years, which are indicators of the country’s evolving fashion retail market. The challenges associated with these changes need to be addressed in the most efficient and sensible manner in order to harness the associated benefits.

**Retail Scenario in Kerala**

In Kerala, there has been an explosion in retailing in the last few years. Organised retailing is spreading and making its presence felt in different parts of the State. The major national retail players in the State include the Spencer’s, Reliance, Big Bazaar, and Fabmall alongside local chains like Margin Free Markets and Varkey’s. In Kerala, a sector of people is opposing the retail giants because it will spoil the retail sector. But in Malabar region, a group of customers has decided to raise their voice in favour of the big retail chains if it means better bargains for them. In Kozhikode, the Upabhoktru Samrakshana Samiti (Consumer Protection Committee) in 2007 organised its first rally welcoming the entry of organized retailers about 2000 people participated and raised their voice in favour of a proposed retail outlet there. But however the consumer’s demand goes diametrically against the stand of the Kerala Vyapari Vyavasayi Ekopana Samiti (KVVES) that are against the entry of big players into the retail arena. The Reliance Fresh outlets had to face many allegations and wide protests from the local traders for opening their stores in many parts of the State. But it can be seen that though the agitation against organized retail in the State has taken a serious turn in certain parts, the trading community of Kochi, seems to be toeing a different line. In order to meet the challenges posed by big retailers, the traditional retailers in the city are redefining business strategies, organizing leadership summits and focusing more on service. They are of the opinion that personal attention and service is something that they can offer to the consumers. Sourcing of products according to the tastes of the consumers and making it available to them is the other aspect of retail that the small and medium retailers are focussing on. However today’s consumers who are hard pressed for time will prefer to go to the market place which offers them best discount, finest ambience and utmost convenience. Retailing in Kerala is a subject too subtle and relevant; as Kerala is known of more as a consumer State rather than a producer State. The introduction of Margin Free Markets has turned out to be a grand success resulting in it

becoming one of the largest retail chains in the country. The future of retailing looks bright with the proposed entry of many major organized retailers. There are many who argue that small traders will be badly hit. Others argue that the farmers in the State will stand to benefit, while there will be choices plenty for the consumers. However, the present government in the State is in favour of the thousands of small retailers who are united under the banner of KVVES.

#### **Retail trends**

The retail industry is constantly evolving, and businesses must keep up with the latest trend in consumer needs to stay ahead of the competition. A pricing tool helps understand these trends, keeping ahead of the curve and satisfying customers’ expectations.

#### **Consumer Spending**

In an increasingly competitive landscape, retail industry players must compete in several ways to gain a share of the market size. These days, consumers want first-rate customer service and an integrated shopping experience. The rise in omnichannel retailing is a confirmation of this.Consumers want to combine the benefits of traditional shopping habits with the convenience of using modern technology. Consumers may now be shopping online using their tablets or smartphone. They could also be on the high street in a bricks-and- mortar store.

Consumer appetite for retail sales has remained robust. As such, retailers must now provide a hassle-free, seamless experience for the consumer to remain competitive regardless of whether you are a market stall, part of the UK retail industry or a group of internet retailers.

As consumers continue to spend money in the retail sector, it is important to know that your brands are competitive and that the quality is robust. Retail organisations must thus ensure that the quality of products is maintained throughout the supply chain.

#### **Market Intelligence**

Assosia offers a wide range of services to provide you with the comprehensive retail analysis and insights you should have to ensure that your company remains a top player. We will keep you abreast of any important, current industry changes and insights so that you can continue to stay competitive.

#### **Loyalty programmes**

Customer loyalty programmes are increasingly popular since they can help boost sales in countless ways. They can help to increase customer retention rates and keep customers coming back to your business. Additionally, they can encourage customers to spend more per transaction, and they can also help you to attract new customers through word-of-mouth and referrals. Customer loyalty programmes can give you valuable insights into your customers’ buying habits and preferences, which can help you to tailor your marketing and merchandise strategies for maximum impact.

#### **Online shopping**

Although online shopping boomed during the COVID-19 lockdown, it has remained an incredibly important factor in retail trends.

Shopping from the comfort of their own home gives consumers more choice and convenience. They can shop around for the best prices and can find the products they want without having to leave their chair. It can also benefit retail workers, as they have more flexibility. This can even boost their productivity and boost your profit margins.

It makes it easy for retailers to track consumer behaviour and preferences. This information can be used to tailor future marketing and sales strategies to meet customer needs better and increase conversions.

Unlike other marketing methods, which are rooted in local markets, such as door-to- door sales and market stalls, e-commerce gives retailers a global reach. It allows you to sell to consumers in another country who may not have access to their brick-and-mortar stores. Even if your head office is in the UK, you could have customers in the US.

#### **Sustainability**

As many consumers are becoming more aware of the environmental and social impact of their purchases, they are demanding more transparency from brands and encouraging retailers to be more sustainable.

Sustainability is also becoming more affordable for retailers. The cost of sustainable materials and technologies is dropping, making it more affordable for brands to incorporate them into their products. Similarly, sustainable practices are becoming more mainstream, as more businesses are adopting them in an effort to reduce their impact on the environment.

#### **Online Retail**

The rise of digital media has made it easier for consumers to access information about the sustainability of brands and products and to share their own experiences with others. Store types are adapting as the retail sector changes & shaping their online presence to build on their competitive advantage. Even the grocery market has built itself an online presence. The retail sector is no different, with websites just as crucial as storefronts.

 **Market Size and Growth Trends**

India’s fashion retail market is one of the largest in the world, with a current valuation of approximately USD 80 billion. This sector is projected to grow at a compound annual growth rate (CAGR) of 10-12%, reaching an estimated USD 115 billion by 2025. Several factors contribute to this robust growth, including rising disposable incomes, urbanization, and a young demographic that is increasingly fashion conscious. The proliferation of digital platforms and the advent of e-commerce have also played a pivotal role in expanding the reach of fashion retail, particularly among the younger generation and in tier-2 and tier-3 cities. The growth of organized retail, with the expansion of shopping malls and branded retail chains, has further fueled the sector's expansion, providing consumers with greater access to a wide range of fashion products.

**Key Segments within the Fashion Retail Sector**

 The Indian fashion retail sector is diverse, encompassing several key segments, each catering to different consumer needs and preferences. Apparel remains the largest segment, accounting for over 60% of the total market. Within this segment, men's, women's, and children's clothing all have significant shares, with women's apparel growing at the fastest rate due to increasing participation of women in the workforce and a shift towards western wear. Footwear is another major segment, which has seen substantial growth driven by rising fashion consciousness and the influence of global trends. The segment includes casual, formal, and sports footwear, with international brands making significant inroads into the Indian market. Accessories, including jewelry, handbags, belts, and watches, form another important segment within the fashion retail sector. Jewelry, in particular, holds a special place in Indian culture, often associated with tradition and status, and continues to be a strong market despite economic fluctuations. The ethnic wear segment is also vital, with traditional attire such as sarees, salwar kameez, and lehengas being indispensable, especially during festivals and weddings. This segment has seen innovation with the introduction of contemporary designs that blend traditional aesthetics with modern sensibilities, appealing to a younger audience. The luxury fashion market in India is rapidly expanding, with a growing number of high-net-worth individuals seeking exclusive and premium products. International luxury brands like Louis Vuitton, Gucci, and Chanel have established a presence in India, tapping into this lucrative market. Simultaneously, the rise of fast fashion brands such as Zara, H&M, and Uniqlo has revolutionized the Indian fashion retail landscape. These brands cater to the demand for trendy, affordable fashion, appealing particularly to the younger demographic that values style and convenience. Challenges and Opportunities Despite its rapid growth, the Indian fashion retail sector faces several challenges. The market is highly fragmented, with a large number of unorganized players coexisting with organized retail chains. This fragmentation leads to inconsistencies in product quality and customer service, particularly in the unorganized segment. Additionally, the sector is highly competitive, with domestic brands competing with international players for market share. The entry of global fast fashion brands has intensified competition, putting pressure on domestic brands to innovate and differentiate themselves. The rising cost of real estate is another challenge, particularly for brick-and-mortar retailers operating in metropolitan cities. High rents and overhead costs can erode profit margins, making it difficult for retailers to sustain their operations. Moreover, the ongoing shift towards e-commerce poses a threat to traditional retail formats, with consumers increasingly preferring the convenience of online shopping. However, the sector also presents numerous opportunities. The growing affluence of the Indian middle class and the increasing penetration of internet services in rural areas offer significant potential for expansion. The adoption of digital technologies, including artificial intelligence, big data, and augmented reality, can enhance the customer experience and streamline operations. Moreover, the increasing demand for sustainable fashion presents an opportunity for brands to differentiate themselves by adopting eco-friendly practices and promoting ethical sourcing.

**Future Outlook**

The future of the Indian fashion retail sector looks promising, with several trends expected to shape its trajectory. The continued growth of e-commerce and the adoption of omnichannel retailing will be key drivers of the sector's expansion. As consumers become more tech-savvy, retailers will need to leverage technology to enhance the shopping experience, from personalized recommendations to virtual fitting rooms. Sustainability will also play a crucial role in the future of fashion retail. As consumers become more environmentally conscious, there will be a growing demand for sustainable products and transparent supply chains. Brands that prioritize sustainability and ethical practices will likely gain a competitive edge in the market. Furthermore, the Indian government's push for local manufacturing and the "Make in India" initiative will boost the domestic fashion industry. The focus on developing textile parks, improving infrastructure, and providing incentives for manufacturing will create a conducive environment for the growth of the fashion retail sector.

## 3.2 COMPANY PROFILE

## Aditya Birla Fashion and Retail Limited (ABFRL)

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 12,418 Cr. and spanning a retail space of 10.8 million sq.ft. (as on March 31, 2023), Aditya Birla Fashion and Retail Limited (ABFRL) is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.

ABFRL emerged after the consolidation of the branded apparel businesses of Aditya Birla Group comprising ABNL's Madura Fashion division and ABNL's subsidiaries - Pantaloons Fashion and Retail (PFRL) and Madura Fashion & Lifestyle (MFL) in May 2015. Post the consolidation, PFRL was renamed Aditya Birla Fashion and Retail Ltd. ABFRL brings together the learnings and businesses of two renowned Indian fashion icons, Madura Fashion & Lifestyle and Pantaloons creating a synergistic core that will act as the nucleus of the future fashion businesses of the Aditya Birla Group.

As a fashion conglomerate, ABFRL has a strong network of 3,977 brand stores across the country. It is present across 33,535 multi-brand outlets and 6,723 points of sales in department stores across India as on March 31, 2023. It has a repertoire of leading brands such as Louis Philippe, Van Heusen, Allen Solly and Peter England established for over 25 years. Pantaloons is one of India's leading fashion retailers.

ABFRL's International Brands portfolio includes - The Collective, Amongst, India's largest multi-brand retailer of international brands and has long term exclusive partnerships with select brands such as Ralph Lauren, Hackett London, Simon Carter, Ted Baker, Fred Perry, Forever 21, American Eagle, Reebok and Galeries Lafayette.

Van Heusen Innerwear, Athleisure and Active wear is establishing itself as India's most innovative and fashionable brand. The Company's foray into branded ethnic wear business includes brands such as Jaypore, Tasva & Marigold Lane. ABFRL has strategic partnerships with Designers 'Shantnu & Nikhil', 'Tarun Tahiliani', 'Sabyasachi' and 'House of Masaba'.

In addition, to cater to the needs of digitally native consumers, ABFRL is building a portfolio of Digital-first brands under its technology led ‘House of D2C Brands’ venture TMRW. TMRW is on a path to building a portfolio of Digital First brands in partnership with founders of emerging brands in the E-Commerce market. With a focus on Fashion & Lifestyle categories, TMRW is building a portfolio of the most loved consumer brands that tap into the significant growth potential in India and globally.

**Contact**

Aditya Birla Fashion and Retail Limited Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai 400 070

#### **Our Vision**

To passionately satisfy Indian consumer needs in fashion, style and value, across wearing occasions in Apparel and Accessories through strong brands and high-quality consumer experience with the ultimate purpose of delivering superior value to all our stakeholders.

#### **Our Values**

* Seamlessness
* Passion
* Speed
* Commitment
* Integrity

#### **Our Philosophy**

The Aditya Birla Group is one of the pioneers in the field of corporate governance. As a part of the Group, ABFRL is committed to continuously adopt and adhere to the best governance practices, to achieve the ultimate goal of making the Company a value- driven organisation.

We feel proud to belong to a Group whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business. Key element of your Company’s success includes adherence to the strong set of the Group values - Integrity, Commitment, Passion, Seamlessness and Speed.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact.

In line with the above philosophy, your Company continuously endeavours for excellence and focuses on enhancement of long-term stakeholders’ value through adoption of and adherence with the best governance practices, in true spirit at all times.

#### **Milestones**

* 'Madura Garments' established (1988)
* 'Louis Philippe' launched in India (1989)
* 'Van Heusen' launched in India (1990)
* ‘Allen Solly' launched in India (1993)
* 'Peter England' launched in India (1997)
* Aditya Birla Group acquires 'Madura Garments' (1999)
* Consolidation of 'Textiles and Apparel business' (2000)
* 'Planet Fashion' launched (2001)
* 'Allen Solly Woman' launched (2001)
* 'Van Heusen Woman' launched (2006)
* 'V Dot' from Van Heusen launched (2006)
* Peter England launches sub brand 'Elite' in the Premium segment (2007)
* Louis Philippe launches sub brand 'LP' in Casual Wear segment (2007)
* Louis Philippe launches sub brand 'Luxure' in the luxury segment (2008)
* 'The Collective' launched (2008)
* 'Louis Philippe Shoes' launched (2010)
* Madura Garments re-christened as 'Madura Fashion & Lifestyle' (2010)
* Van Heusen launches a sub brand called 'VH Sport' (2011)
* Louis Philippe launches 'LP Jeans' (2011)
* Planet Fashion launched 'Planet Fashion Grande' (2011)
* Madura Fashion & Lifestyle enters into a joint venture with 'Hackett London' (2012)
* Peter England forays into non apparel: launches 'Peter England bags' (2012)
* 'Louis Philippe bags' launched (2012)
* Allen Solly introduces 'Crossover style shoes for men' (2012)
* Aditya Birla Group acquires 'Pantaloons' (2013)
* Pantaloons Voted 'India's No. 1 Trusted Apparel Retailer for 2013' in the Brand Equity Survey of The Economic Times (2013)
* Van Heusen launches 'MY FIT' (2014)
* Van Heusen unveils its first flagship experience 'Van Heusen Style Studio' (2015)
* ABFRL's Planet Fashion Unveils a New Brand Identity (2015)
* Consolidation of Branded Apparel Businesses of Madura F&L and Pantaloons: 'Aditya Birla Fashion and Retail Limited' (' ABFRL') (2015)
* ABFRL strikes a deal with global luxury brand 'Ted Baker' (2016)
* ABFRL forays into men's Innerwear & Athleisure category (2016)
* 'Pantaloons Woman' launch (2016)
* 'Pantaloons Kids' launch (2016)
* ABFRL signs MOU With 'Forever 21' for India Business (2016)
* ABFRL signs deal British Designer Wear Brand ‘Simon Carter’ (2016)
* ABFRL entered into a strategic alliance with American Eagle Outfitters, Inc. (2017)
* Aditya Birla Fashion and Retail Ltd Brings Fred Perry to India (2018)
* Style Up, the family store by Aditya Birla Fashion and Retail Ltd. is launched across tier III cities to offer smart fashion at affordable prices! (2018)
* Van Heusen Innerwear and Athleisure business announced its foray into the Women’s Innerwear & Athleisure market. (2018)
* ABFRL entered into a Store License and Distribution Agreement with Ralph Lauren Asia Pacific Limited (“RLAPL”), which offers apparel and accessories

for both men and women under the brand name “Polo Ralph Lauren” and “Ralph Lauren” (2018)

* Acquisition of 51% stake in M/s Finesse International Design Private Limited (“Finesse”), a company primarily engaged in the business of bespoke occasion and ceremonial contemporary apparel for men and women under the brand name ‘Shantanu & Nikhil’. (2019)
* Acquisition of Jaypore, an Indian online and offline retailer, which offers curated collections of handcrafted apparel, jewellery, home textiles and accents, based on craft forms from all over India. (2019)
* Peter England sets foot in the grooming segment with the launch of its new deodorant range (2020).
* ABFRL acquired additional 7.69% stake in Finesse to become 58.69% stakeholders (2021)
* Aditya Birla Fashion and Retail Announces Strategic Partnership with Designer “Tarun Tahiliani” to enter Men’s Premium Ethnicwear (2021)
* Acquisition of 51% in Sabyasachi Couture (2021)
* ABFRL enters into a strategic partnership with Galeries Lafayette, renowned globally for its flagship location at Boulevard Haussmann in Paris. (2022)
* ABFRL announced signing of a long-term licensing agreement, which grants ABFRL exclusive rights to distribute and sell Reebok products through wholesale, e-commerce and Reebok branded retail stores in India and other ASEAN countries. (2022)
* Acquisition of 52.4% in ‘House of Masaba Lifestyle Private Limited’ (2022)
* Acquisition of 51% controlling stake in TCNS Clothing (2023)

#### **Our Businesses**

* + **Lifestyle Brands**

ABFRL's Lifestyle Brands is home to some of India's most loved brands - Louis Philippe, Van Heusen, Allen Solly and Simon Carter – catering to India’s Premium Consumers. With their signature styles, high quality products and differentiated in-store experience, these brands have garnered immense customer loyalty and recall.

#### **Pantaloons**

Pantaloons, a division of Aditya Birla Fashion and Retail Ltd. is a playful and youthful fashion destination with 430 stores, spread across 195 cities and towns. As a playground for fashion, Pantaloons offers a wide variety of styles across categories and occasions. The brand speaks to the ever-evolving millennial customer of today who is confident and expressive. Be it through the physical retail experience or online, the Pantaloons experience is exciting, friendly, and uplifting. With a vibrant, expressive, and fun- loving approach to style, the brand seeks to enable the customer to be their fashionable best.

#### **Youth Fashion**

Youth Fashion brings fresh take on fashion for Young India. Forever 21 in India offers clothes and accessories for Millennials and Gen Z girls and boys, and all those who feel millennial-age at heart. American Eagle is an inclusive, optimistic and empowering brand that celebrates the individuality of its customers.

#### **Other Businesses**

We cater to the contemporary customer who is aware of international trends and traditional styles. Our branded ethnic wear business includes brands such as 'Jaypore', ‘Tasva’ and ‘Marigold Lane’. ABFRL has strategic partnerships with designers 'Shantanu & Nikhil', 'Tarun Tahiliani', 'Sabyasachi' and ‘House of Masaba’, representing Indian decadence and modern grandeur. 'Van Heusen's Innerwear, Athleisure and Active wear' is establishing itself in India. Our International business includes, 'The Collective' - India's largest international multi-brand retailer, select brands such as Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21, American Eagle and Reebok.

## Brands

##

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#### **Sustainability**

Since 2021, GIZ India and ABFRL partnered under the DeveloPPP program to embark on a transformative journey towards Circular Economy in India's textile and apparel industry. In line with the principles of this program, this Baseline Assessment Report offers an overview of the textile circularity landscape as of 2022-23, capturing insights from stakeholders across the nation.

This industry-first initiative aims to promote circularity in the Indian textile and apparel industry, with a key objective of identifying the current state of circularity in India. The central idea is to make significant strides in reducing waste, controlling pollution, and fostering responsible production and consumption patterns within the textile and apparel sector, thereby making a positive impact on Sustainable Development Goal 12.

#### **Journey with ReEarth**



ABFRL embarked on its sustainability journey ‘ReEarth – For Our Tomorrow’ in the financial year 2012-2013 with focus on operations, seeking to restore the balance between natural and business ecosystems.

It witnessed significant achievements across the defined Mission 2020 targets and the financial year 2020-2021 marks a successful transition to Sustainability 2.0 from 'Process-led to Product-led', with a focus on product design and development, customer centricity and supply chain. The five-year roadmap (2021 – 2025), aims to achieve ambitious sustainability targets and business goals while balancing risks and opportunities for all relevant ESG initiatives. This transition shall embed sustainability across the whole spectrum of design development, supply chain and consumer end of use for product life cycle.

#### **Restoring Ecosystems**

We seek to restore the balance between natural and business ecosystems, with an aim to create a business that thrives in a world with rising resource constraints, move beyond reducing and towards restoring, and ultimately redesigning the way we operate.

#### **Recognizing Trends**

We continuously monitor the pulse of the market to stay ahead of the curve in the fast- changing fashion industry. We are in constant conversation with those who are shaping the market directly through their choices, indirectly through their inventions along with policy-makers and expert trend-spotters.

#### **Corporate Social Responsibility**

Mrs. Rajashree Birla is an exemplar in the area of community initiatives and rural development. She spearheads the Aditya Birla Centre for Community Initiatives and Rural Development, the Group’s apex body responsible for development projects.

Mrs. Birla oversees the Group’s social and welfare driven work across its companies.

Mrs. Birla is the Chairperson of the FICCI – Aditya Birla CSR Centre for Excellence, Habitat for Humanity (India) and is on the Board of the Asia Pacific Committee as well as Habitat’s Global Committee.

* **ABFRL's CSR Mission**

“Weaving benefits for our future”

To make a meaningful impact on the lives of individuals in communities around us by developing model villages through our focus on Education, Health & Sanitation, Water & Watershed, Digitalization and Skill Development. To facilitate a culture of caring in the organization through employee volunteering.

* **Focus Areas**

**Education:** Improving educational outcomes by providing access to quality education through a variety of means, including Academic Support Centres in villages, at Municipal and other schools supported by us, teachers' training, setting up libraries, providing educational aid and scholarships, special coaching classes for rural girls and continuing education for dropouts.

**Health & Sanitation:** Ensuring healthy communities in underserved villages through eye camps, school health camps, dental camps, specialized health camps such as cancer screening and awareness camps, and pulse polio immunization drive. Providing dignity of life by facilitating access to water, sanitation and hygiene through our partners and government organizations.

**Sustainable Livelihood:** Empowering people and providing them pathways for sustainable livelihoods through coaching at skill training centres as a part of the Kaushalya initiative, and training youth in career readiness.

**Water & watershed:** Safeguarding water sources for communities through rainwater harvesting, borewell recharge pits and by recharging water bodies in water stressed villages. Providing safe drinking water for villages by installing water purifying plants, called Water ATMs.

**Digitalizing:** Digitalizing villages to mainstream its residents to modern ways of life, through Village Information Centres and SMART Classrooms. Once functional, these facilities will provide access to E-health, E-education, E-banking and E-employment among other digital services.

Table No. 4.1

**GENDER**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Female | 53 | 53 |
|  Male | 47 | 47 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.1

Source: Primary Data

**INTERPRETATION**

From the above table and chart it has been seen that 53% of the respondents are female and the remaining 47% of the respondents are male. Hence, it can be concluded that majority of the workers in ABRFL are female.

Table No. 4.2

 **EXPERIENCE.**

|  |  |  |
| --- | --- | --- |
| PARTICULAR | No. OF RESPONDENTS | PERCENTAGE |
| Freshers | 15 | 15 |
| 1-5 month | 25 | 25 |
| 1 year | 40 | 40 |
| More than 1 year | 20 | 20 |
| Total | 100 | 100 |

Source: Primary Data

**Chart No. 4.2**

**EXPERIENCE**

no. of respondents

45

40

35

30

25

20

15

10

5

0

[VALUE]%

25%

[VALUE]%

15%

New joining 1-5 month 1year More than 1 year

Source: Primary Data

**INTERPRETATION**

From the above table shows that 40% of respondents are working at ABRFL since 1 year, 25% of respondents have experience of 1-5 months. 20% of respondents have experience of more than 1 year while 15 % of respondents are new joinees.Hence, , it can be concluded that at ABRFL majority of the workers are freshers with work experience of 1 year.

Table No. 4.3

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Salary | 5 | 5 |
| Location of workplace | 10 | 10 |
| Holidays | 5 | 5 |
| Friendly people | 5 | 5 |
| Leave arrangement (casual, sick, etc.) | 10 | 10 |
| Job security | 5 | 5 |
| Flexible working hours | 10 | 10 |
| Career development  | 50 | 50 |
| Total | 100 | 100 |

**CURRENT JOB**

Source: Primary Data

**Chart No. 4.3**

 Source: Primary Data

**INTERPRETATION**

The above table and chart shows that 50% of respondents are highly satisfied due to career development opportunity at ABRFL. 5% of respondents were satisfied for salary, holidays, friendly colleagues, job security each and 10% of respondents were satisfied with location of work place, leave arrangement, flexible working hours.

Hence, can be concluded that majority of worker’s value growth and advancement opportunity over other work place benefits.

Table No. 4.4

**SYNC BETWEEN EMPLOYEE AND ORGANISATION GOALS**

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 50 | 50 |
| Agree | 25 | 25 |
| Neutral | 25 | 25 |
| Strongly disagree | - | - |
| Disagree | - | - |
| Total | 100 | 100 |

Source: Primary Data

**Chart No. 4.4**

**SYNC BETWEEN EMPLOYEE AND ORGANISATION GOALS**

Disagree

Highly disagree

Neutral Agree Highly agree

0%

10%

20%

30%

40%

50%

60%

percentage

 Source: Primary Data

 **INTERPRETATION**

The above table and chart state that 50% of the respondents highly agreed that the goals of employee sync towards achieving organizational goals. 25% of respondents agreed the statement and 25% of respondent’s have a neutral opinion about this statement. None of the respondents disagree and strongly disagree with the statement. Hence it can be concluded that there is good sync between the goals of the employees and organizational goals at ABRFL.

Table No. 4.5

**INDIVIDUAL PERFORMANCE OBJECTIVES**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 80 | 80 |
| Agree | 10 | 10 |
| Neutral | 5 | 5 |
| Strongly disagree | 5 | 5 |
| Disagree | - | - |
| Total | 100 | 100 |

 Source: Primary Data

**Chart No. 4.5**

**INDIVIDUAL PERFORMANCE OBJECTIVE**

Disagree

Highly disagree

Neutral

Agree Highly agree

0%

10% 20% 30% 40% 50% 60% 70% 80%

Source: Primary Data

**INTERPRETATION**

The above table and chart shows, 80% of respondents highly agreed that an individual performance objective merge well into larger organizational goals. 10% of respondents agreed the statement, 5% of respondents have neutral opinion, as 5% of respondents highly disagree with this statement.

Hence, it can be concluded that at ABRFL individual performance objectives merge well into larger organizational goals.

Table No. 4.6

|  |  |  |
| --- | --- | --- |
|  **PARTICULARS** | **No. OF RESPONDENTS** |  **PERCENTAGE** |
| Strongly agree | 60 | 60 |
| Agree | 24 | 24 |
| Neutral | 10 | 10 |
| Strongly disagree | - | - |
| Disagree | 6 | 6 |
| Total | 100 | 100 |

**EMPLOYEE AWARENESS AND PARTICIPATION**

 Source: Primary Data

Chart No. 4.6

**EMPLOYEE AWARENESS AND PARTICIPATION**

70

60

50

40

30

20

10

0

Strongly agree

Agree

Neutral

Strongly disagree Disagree

Percentage

 Source: Primary Data

**INTERPRETATION**

The above chart and table shows that 60% of respondents were of the opinion that employees awareness and participation is essential during the goal setting activity carried out every year. This was seconded by another 24% of respondents. 10% of respondents were neutral about this. Only 6% of respondents disagreed to it.

Hence, it can be inferred, that during the goal setting activity carried out every year, employee’s awareness and participation is essential.

Table No. 4.7

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 30 | 30 |
| Agree | 61 | 61 |
| Neutral | 9 | 9 |
| Strongly disagree | - | - |
| Disagree | - | - |
| Total | 100 | 100 |

**WELL DEFINED PERFORMANCE GOALS**

 Source: Primary Data

Chart No. 4.7

WELL DEFINED PERFORMANCE GOAL

70%

60%

50%

40%

30%

20%

10%

0%

Highly agree

Agree

Nuetral Highly disagree disagree

Source: Primary Data

**INTERPRETATION**

From the above table and chart it can be observed that 61% of respondents agreed that performance goals are defined at the workplace. 30% of respondents highly agreed to the statement, 9% of respondents took a neutral stand. None of the respondents disagreed with the statement.

Hence it can be inferred that, the employee ‘s performance goals are well defined at the workplace.

Table No. 4.8

**FEEDBACK HELPS IN PERSONAL ENHANCEMENT**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 100 | 100 |
| Agree | - | - |
| Neutral | - | - |
| Strongly disagree | - | - |
| Disagree | - | - |
| Total | 100 | 100 |

Source: Primary Data

**Chart No. 4.8**

Source: Primary Data

**INTERPRETATION**

The above chart and table shows that, 100% of respondents highly agreed**,** that regular feedback helps to indicate and improve performance levels of an employee in relation to their goals.

Hence, it can be concluded that, the regular feedback highly helps to improve performance level of an employee in retention to their goal.

Table No. 4.9

**IMPROVEMENT OF MOTIVATION AND SATISFACTION POST PERFORMANCE APPRAISAL**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Improved | 100 | 100 |
| No Improvement | - | - |
| Total | 100% | 100 |

Source: Primary Data

Chart No. 4.9

**IMPROVEMENT OF MOTIVATION AND**

**SATISFACTION POST PERFORMANCE APPRAISAL**

No

Yes

0%

20%

40%

60%

80%

100%

120%

Percentage

 Source: Primary Data

**INTERPRETATION**

The above table and chart show that, 100% of respondent ‘s opinion that post performance appraisal, employee motivation and job satisfaction are on a higher level.

Hence, from the response of the majority (100%) it can be concluded that ABRFL performance appraisal system motivates and satisfy the employees**.**

Table No. 4.10

 **SELF APPRAISAL OF EMPLOYEES**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **NO. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 5 | 5 |
| Agree | 15 | 15 |
| Neutral | 80 | 80 |
| Strongly disagree | - | - |
| Disagree | - | - |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.10

**SELF APPRAISAL OF EMPLOYEES**

100

80

60

40

20

0

Strongly agree

Agree

Neutral

Strongly disagree

Disagree

No. of respondents

 Source: Primary Data

**INTERPRETATION**

From the table and chart, 5% of the respondents have strongly agreed with the statement that self-appraisal was highly effective. 15% have agreed to it. Majority of the respondents that is 80% have a neutral opinion.

Hence, it can be inferred that majority of employees have a neutral opinion that they were able to effectively capture their performance during the self-appraisal process.

 Table No.4.11

**JOB SATISFACTION OF EMPLOYEE**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 20 | 20 |
| Agree | 30 | 30 |
| Neutral | 40 | 40 |
| Strongly disagree | 5 | 5 |
| Disagree | 5 | 5 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.11

 Source: Primary Data

**INTERPRETATION**

The above chart and table show that 20% of respondents are satisfied with their job. 30% of the respondents have agreed to the statement. Only 5% of respondents have strongly disagreed and disagreed with the statement. Majority (40%) of respondents are neutral about job satisfaction.

Hence, it can be concluded that most of the workers are satisfied with their job at ABRFL. Those with the neutral opinion are also to be considered.

Table No. 4.12

 **EMPLOYEE DISSATISFACTION IN LONG RUN**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 10 | 10 |
| Agree | 30 | 30 |
| Neutral | 40 | 40 |
| Strongly disagree | 10 | 10 |
| Disagree | 10 | 10 |
| Total | 100 | 100 |

Source: Primary Data

 Chart No. 4.12

 Source: Primary Data

**INTERPRETATION**

The above table and chart it can be observed that, certain aspects can create a feeling of dissatisfaction for doing work in the long run. Only 10% of respondents are strongly agreed, followed by 30% who agree with the same. Another 10% of the respondents don’t find any area of dissatisfaction in the long run. 10% of the respondents have seconded the opinion. 40% of respondents have neutral opinion about this statement.

Hence, from the response of the majority (40%) it can be concluded that, in ABRFL there are certain aspects of employees work that can create a feeling of dissatisfaction in the long run.

Table No. 4.13

**CAREER DEVELOPMENT**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | - | - |
| Agree | 20 | 20 |
| Neutral | 50 | 50 |
| Strongly disagree | 20 | 20 |
| Disagree | 10 | 10 |
| Total | 100 | 100 |

Source: Primary Data

Chart No. 4.13

Source: Primary Data

**INTERPRETATION**

The above table and chart shows that, 20% of respondents are satisfied with their career development in the organization. Majority ie. 50% of respondents were of a neutral opinion. 20% respondents haven‘t experienced development in their career.

Hence, it can be concluded from majority of workers neutral responses that the development of own career is going in the right direction with further prospects for achieving sustained growth with improved rewards and recognitions in the future

Table No. 4.14

**EFFECTIVENESS OF PERFORMANCE APPRAISAL COMMUNICATION**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Effective | 98 | 98 |
| Not effective | 2 | 2 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.14

**EFFECTIVENESS OF PERFORMANCE APPRAISAL COMMUNICATION**

Effective Not effective

 Source: Primary Data

INTERPRETATION

The above table and chart shows that majority (98%) of respondents believe that effective communication of performance appraisal is essential for satisfaction. Hence, it can be concluded that, in ABRFL 98% of workers have opinion, that effective communication of performanc appraisal is essential for satisfaction.

Table No. 4.15

**EFFECTIVE COMMUNICATION FOSTERS PERFORMANCE APPRAISAL**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 58 | 58 |
| Agreed | 30 | 30 |
| Neutral | 10 | 10 |
| Strongly disagree | - | - |
| Disagree | 2 | 2 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.15

Source: Primary Data

**INTERPRETATION**

The above table and chart shows that, 58% of the respondents were of the opinion that effective communication fosters Performance Appraisal. 30 % of the respondents agree to the same. Only 2% of respondents have disagreed with the statement. None of respondents strongly disagreed to it.

Hence, it can be concluded that Effective communication of performance ppraisal is essential for employee satisfaction at Adithya Birla Fashion and Retail Ltd.

Table No. 4.16

**CLARIFICATION OF EXPECTATIONS**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 45 | 45 |
| Agreed | 30 | 30 |
| Neutral | 15 | 15 |
| Strongly disagree | 10 | 10 |
| Disagree | - | - |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.16

 Source: Primary Data

**INTERPRETATION**

The above table and chart shows that, most employees (75%, combining 40% Strongly Agree and 35% Agree) feel the appraisal process helps clarify expectations and improve performance. However, 15% are neutral, and 10% (5% Strongly Disagree and 5% Disagree) feel it does not meet this purpose. While the majority view is positive, the organization could work on making expectations clearer for all employees.

 Table No. 4.17

**RECOGNITION OF TOP PERFORMERS**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 50 | 50 |
| Agreed | 30 | 30 |
| Neutral | 10 | 10 |
| Strongly disagree | 5 | 5 |
| Disagree | 5 | 5 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.17

 Source: Primary Data

INTERPRETATION

A large majority (80%, combining 50% Strongly Agree and 30% Agree) believe that the appraisal system effectively identifies top performers. However, 10% are neutral, and 10% disagree. While the results are positive, there’s a need to address the concerns of those who feel the system is not fully effective in recognizing top performers.

Table no. 4.18

**PERFORMANCE APPRAISAL IDENTIFIES AREAS FOR IMPROVEMENT**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 40 | 40 |
| Agreed | 30 | 30 |
| Neutral | 20 | 20 |
| Strongly disagree | 5 | 5 |
| Disagree | 5 | 5 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.18

 Source: Primary Data

**INTERPRETATION**

The majority of employees (70%) agree that the performance appraisal system helps identify areas for improvement in their jobs, with 40% strongly agreeing. However, 10% of employees disagree or are neutral, indicating some uncertainty about the system’s effectiveness.

Table No. 4.19

APPRAISAL ENCOURAGES SKILL DEVELOPMENT

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 50 | 5O |
| Agreed | 35 | 35 |
| Neutral | 10 | 10 |
| Strongly disagree | - | - |
| Disagree | 5 | 5 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.19

 Source: Primary Data

**INTERPRETATION**

An overwhelming majority of employees (85%) believe that the performance appraisal system aids in skill development and career progression. Only 10% remain neutral, while a minimal 5% disagree, showing that the system is generally effective but could be improved to benefit everyone.

Table No. 4.20

**MOTIVATION TO SET HIGHER GOALS**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 48 | 48 |
| Agreed | 35 | 35 |
| Neutral | 10 | 10 |
| Strongly disagree | 2 | 2 |
| Disagree | 5 | 5 |
| Total | 100 | 100 |

 Source: Primary Data

Chart. No. 4.20

 Source: Primary Data

**INTERPRETATION**

Nearly half (48%) of the employees strongly believe that the appraisal process inspires them to set higher performance goals, while an additional 35% agree. This shows that 83% of employees find the process motivating overall. However, a small percentage (7%) feel unmotivated or remain neutral, suggesting that some aspects of the appraisal process could be enhanced to better engage everyone.

Table No. 4.21

**WILLINGNESS TO RETAIN AT WORK**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 15 | 25 |
| Agree | 10 | 30 |
| Neutral | 40 | 20 |
| Strongly disagree | 20 | 15 |
| Disagree | 15 | 10 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.21

**WILLINGNESS TO RETAIN AT WORK**

disagree

highly disagree

nuetral agree highly agree

0%

5%

10%

15%

20%

25%

30%

35%

40%

percentage

Source: Primary Data

 INTERPRETATION

The above table and chart shows that, (15 & 10%) of respondents would like to continue at work. 40% of the respondents had a neutral approach. Remaining respondents disagreed to the thought of retaining at the work place.

Hence, it can be concluded that employees like to work at ABRFL.

Table No. 4.22

TRUST IN APPRAISAL PROCESS

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 40 | 40 |
| Agree | 35 | 35 |
| Neutral | 15 | 15 |
| Strongly disagree | 2 | 2 |
| Disagree | 8 | 8 |
| Total | 100 | 100 |

 Source: Primary Data

Chart No. 4.22

 Source: Primary Data

**INTERPRETATION**

A majority of employees (75%) trust the performance appraisal process to fairly evaluate their performance and contributions, with 40% expressing strong trust. However, 15% are neutral, and 10% disagree or strongly disagree, suggesting there is room to strengthen trust in the appraisal system.

 Table No. 4.22

**PROUD TO ASSOCIATE WITH ABRFL**

|  |  |  |
| --- | --- | --- |
| **PARTICULAR** | **No. OF****RESPONDENTS** | **PERCENTAGE** |
| Strongly agree | 20 | 20 |
| Agree | 30 | 30 |
| Neutral | 50 | 50 |
| Strongly disagree | - | - |
| Disagree | - | - |
| Total | 100 | 100 |

Source: Primary Data

**Chart No. 4.22**

Source: Primary Data

**INTERPRETATION**

The above table and chart shows that 20% of respondents said that they are proud to be part of Adithya Birla. 30% of respondent’s agreed to it. 50% of respondents took a neutral stand.

Hence, it can be concluded that workers are proud to be a part of ABRFL.

**4.23 CHI-SQUARE - I**

**EFFECTIVENESS OF PERFORMANCE APPRAISAL COMMUNICATION & SATISFACTION OF PERFORMANCE APPRAISAL**

|  |  |
| --- | --- |
|  EFFECTIVE COMMUNICATION | PARTICULARS |
|  Stronglyagree |   Agree |   Neutral | Stronglydisagree |   Disagree |   Total |
| Effective | 50 | 30 | 10 | 0 | 2 | 92 |
|  Not effective | 8 | 0 | 0 | 0 | 2 | 8 |
| Total | 58 | 30 | 10 | 0 | 2 | 100 |

H0: There is no relation between effectiveness of performance appraisal communication and satisfaction of performance appraisal

H1**:** There is relation between effectiveness of performance appraisal communication and satisfaction of performance appraisal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| O | E | |O-E| | |O-E|^2 | |O-E|^2/E |
| 50 | 53.3 | 3.3 | 10.89 | 0.2043152 |
| 8 | 4.64 | 3.36 | 11.29 | 2.43318966 |
| 30 | 27.6 | 2.4 | 5.76 | 0.20869565 |
| 0 | 2.4 | 2.4 | 5.76 | 2.4 |
| 10 | 9.2 | 0.8 | 0.64 | 0.06956522 |
| 0 | 0.8 | 0.8 | 0.64 | 0.8 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 2 | 1.84 | 0.16 | 2.56 | 1.39130435 |
| 2 | 0.16 | 1.84 | 3.39 | 21.1875 |
|  TOTAL | 28.6945701 |

 The degree of freedom is (No. of rows) (No. of columns)

Df= (2-1) (5-1) = 1\*4 = 4

The table value of chi square at 5% of level of significance and degree of freedom 4=9.488 calculated value of 28.6945701 is more than the table value of 9.488. Hence alternative hypothesis is accepted.

### **INTERPRETATION**

From the above calculation, the calculated value is more than the table values so here alternative hypothesis is accepted. Hence it can be concluded that there is a relation between effectiveness of Performance Appraisal communication and satisfaction with performance appraisal.

 **4.24 CHI-SQUARE**

**GENDER AND SATISFACTION LEVEL OF THE EMPLOYEES**

|  |  |
| --- | --- |
| GENDER | PARTICULARS |
| Stronglyagree | Agree | Neutral | Stronglydisagree | Disagree | Total |
| Male | 15 | 18 | 14 | 3 | 2 | 47 |
| Female | 10 | 17 | 26 | 2 | 3 | 53 |
| Total | 25 | 35 | 30 | 5 | 5 | 100 |

 H0: there is no relation between gender and satisfaction level

 H1: there is a relation between gender and satisfaction level

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| O | E | |O-E| | |O-E|^2 | |O-E|^2/E |
| 15 | 11.75 | 3.25 | 10.5625 | 0.898936 |
| 10 | 13.25 | 3.25 | 10.5625 | 0.79717 |
| 18 | 16.45 | 1.55 | 2.4025 | 0.146049 |
| 17 | 18.55 | 1.55 | 2.4025 | 0.129515 |
| 14 | 14.1 | 0.1 | 0.01 | 0.000709 |
| 26 | 15.9 | 10.1 | 102.01 | 6.415723 |
| 3 | 2.35 | 0.65 | 0.4225 | 0.179787 |
| 2 | 2.65 | 0.65 | 0.4225 | 0.159434 |
| 2 | 2.35 | 0.35 | 0.1225 | 0.052128 |
| 3 | 2.65 | 0.35 | 0.1225 | 0.046226 |
| TOTAL | 8.825677 |

The degree of freedom is (No. columns)

Df= (2-1)(5-1) =1\*4=4

The table value of chi square at 5% of level of significance and degree of freedom 4=9.488 calculated value of 8.825677 is more than the table value of 9.488. Hence alternative hypothesis is accepting.

### **INTERPRETATION**

From the above calculation, the calculated value is more than the table values so herealternative hypothesis is accepted. Hence it can be concluded that there is a relationbetween gender and satisfaction level of the employees.

**5.1 FINDINGS**

* Demographics: Majority of ABFRL workers are male, with most having
* 1 year of tenure.
* Job Satisfaction: Employees enjoy the friendly atmosphere but some feel long-term dissatisfaction may arise.
* Goal Alignment: Employee and organizational goals align well, with clear performance objectives.
* Employee Participation: Active involvement in goal-setting is key to success, and performance goals are clearly defined.
* Feedback & Improvement: Regular feedback helps employees improve performance and meet goals.
* Appraisal System: The appraisal system motivates employees, though some are neutral on its effectiveness in self-appraisal.
* Career Development: Employees feel their career growth is on track for future rewards and recognition.
* Communication: Clear communication of appraisals is crucial for employee satisfaction.
* Motivation & Goal Setting: 83% feel motivated to set higher goals through appraisals.
* Promotion & Salary Decisions: Most of the employees trust that appraisals affect promotions and salary, but some desire more clarity.
* Trust in the System: 75% trust the fairness of appraisals, but transparency can be improved.
* Pride and Belonging: Employees are proud to be part of Adithya Birla Fashion and Retail Ltd. and enjoy working there.

**5.2 SUGGESTIONS**

* Appraisal system helps to improve the performance of the employees
* Introduction of new awards and incentive system will help to increase the performance level of the employees.
* Most of the employees felt if regular training and were provided along with existing initial on the job training, it would sharpen their skills and would increase their productivity, job satisfaction and commitment**.**
* Usage of 360-degree appraisal feedback system incorporates feedback from the employees, peers, customers and people who may report to him/her.
* Announcing the best performance of the year during the annual meeting will help in motivating employees to perform well.
* Make feedback more specific and actionable to ensure all employees benefit from the appraisal process.
* Focus on individual achievements and provide tailored encouragement during appraisals to motivate employees further. Offer tangible rewards and development opportunities to those setting ambitious goals.
* Improve trust in the appraisal process by increasing transparency, ensuring consistency in evaluations, and providing clear, actionable feedback to employees. This can help address concerns and build confidence among the workforce.

**5.3 CONCLUSION**

Performance appraisal is the assessment of an individual performance in a systematic way. Performances of the employees were measured against certain factors like task knowledge, quality and quantity of the output initiatives and so on. It also helps employees to identify their strength and weakness.

From the study it has been found that employees are satisfied with current Performance appraisal system and is able to motivate employees.

It could be understood that performance appraisal result should be made more open as this will help the employees to rectify their mistakes and also clarify their doubts. Usage of feedback collected from employees helps to increase performance level of employees.

The major issues in appraisal system is standard setting of the performance appraisal program. This can be more effectively done by using right tools and properly reviewing and updating of performance appraisal program. So, implementing of performance appraisal system seems to be more effective for the organization.

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**QUESTIONNAIRE**

Gender : Male Female

Age: Less than 20 20-25

 25-30 30-35 More than 35

Department:

1. How long have you worked here?
	1. New joining
	2. 1- 5 months
	3. 1 year
	4. More than 1 year
2. How do you rate your current job in following parameter?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statements | Highlysatisfied | Satisfied | Neutral | Dissatisfied | Highlydissatisfied |
| Salary |  |  |  |  |  |
| Location ofworkplace |  |  |  |  |  |
| Holidays |  |  |  |  |  |
| Careerdevelopment |  |  |  |  |  |
| Leave arrangement (casual, sick,etc.) |  |  |  |  |  |
| Job security |  |  |  |  |  |
| Flexibleworking hours |  |  |  |  |  |
| Friendlypeople |  |  |  |  |  |

1. The goals of employees are working in sync towards achieving the org. goals?
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
2. Individual performance objectives merge well into larger organizational goals?
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree

5)Employees awareness and participation is essential during the goal setting activity carried out every year

* + 1. Strongly agree
	1. Agree
	2. Neutral
	3. Strongly disagree
	4. Disagree
		+ 1. Performance goals are defined at the workplace?
1. Strongly agree
2. Agree
3. Neutral
4. Strongly disagree
5. Disagree
	* + 1. Regular feedback helps to indicate and improve performance levels of an employee in relation to their goals
		1. Strongly agree
		2. Agree
		3. Neutral
		4. Strongly disagree
		5. Disagree

8)Do you think performance appraisal improves motivation and job satisfaction?

* + 1. Yes
		2. No
1. I am able to effectively capture my performance for the year during the self-appraisal process
	* 1. Strongly agree
		2. Agree
		3. Neutral
		4. Strongly disagree
		5. Disagree
2. I feel a sense of job satisfaction with the work carried out by me in the organization
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree

11)There are certain aspects of my work that can create a feeling of dissatisfaction on the long run?

* + 1. Strongly agree
		2. Agree
		3. Neutral
		4. Strongly disagree
		5. Disagree
1. The development of my career is going in the right direction for achieving sustained growth and improved rewards and recognitions in the future?
	* 1. Strongly agree
		2. Agree
		3. Neutral
		4. Strongly disagree
		5. Disagree
2. Effective communication of performance appraisal is essential for employee satisfaction?
	1. Effective
	2. Not effective.
3. If effective, rate the level how much its essential for employee satisfaction?
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
4. The performance appraisal process helps to clarify expectations and improve performance outcome.
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
5. I believe that the performance appraisal system helps to identify top performers within the organization.
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
6. The performance appraisal system helps in identifying areas for improvement in job.
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
7. The performance appraisal system help me develop my skills and advance in my career
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
8. The performance appraisal process motivates me to set higher performance goals for upcoming year.
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
9. I like to continue in the organization?
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
10. I Trust the appraisal process to accurately reflect my performance and contributions to the organization.
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree
11. I am proud to be part of this organization?
	1. Strongly agree
	2. Agree
	3. Neutral
	4. Strongly disagree
	5. Disagree