A Study on Employee Perception of Performance Appraisal

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ABSTRACT:

This research explores the awareness of the performance evaluation framework within a prominent stainless-steel fabrication firm. Performance evaluation plays a vital role in human resource management, particularly affecting motivation, job satisfaction, and productivity levels. Data was collected through a structured survey targeting employees from various departments and different levels of experience. The study looks into aspects such as employee awareness, fairness, transparency, the quality of the feedback provided, and the motivational effects of the evaluation process. The results show that although a majority of employees recognize and are fairly content with the current framework, significant shortcomings exist in terms of engagement, clarity regarding performance standards, and the effectiveness of the feedback., the system has considerable potential to improve workforce development, provided that it is bolstered by transparent practices and regular feedback mechanisms.

Keywords:

Performance Appraisal, Employee Perception, Fairness, Feedback Mechanism, Transparency, Motivation, Job Satisfaction, Employee Involvement, HR Practices, Organizational Commitment.

INTRODUCTION:

Performance evaluation plays a vital role in human resources, significantly influencing employee motivation, satisfaction, and growth. This study examines how employees view the appraisal system in a manufacturing context, with an emphasis on fairness, clarity, quality of feedback, and involvement in the process. Information was collected from 128 employees through a structured survey. The findings are intended to enhance appraisal methods and ensure they meet employee expectations. An effectively structured appraisal system can improve employee retention and increase both individual and organizational performance.

THEORETICAL BACKGROUND OF THE STUDY:

Performance evaluation is an essential function of human resources that focuses on assessing employee contributions and facilitating their career advancement. A well-structured appraisal process enhances accountability, motivation, and overall productivity by establishing clear goals and providing ongoing feedback. In manufacturing environments, these evaluations serve to connect individual duties with organizational objectives. Fair and transparent assessments lead to increased job satisfaction, foster engagement, and aid in retaining employees. When effectively executed, they promote enduring success for the organization.

REVIEW OF LITERATURE:

Pulakos et al. (2019) and Jawahar (2006) discovered that ongoing and prompt feedback enhances both engagement and motivation. Gill (2018) pointed out biases present in appraisal systems and suggested improved training for managers. DeNisi and Smith (2014) stressed the significance of cultural alignment within evaluation frameworks. Biron et al. (2011) advocated for the implementation of digital systems to minimize bias and enhance clarity. Smither et al. (2005) supported the use of 360-degree feedback for obtaining more reliable assessments. Levy and Williams (2004) observed that appraisals focused on development boost employee satisfaction and commitment. Collectively, these studies highlight the necessity for transparent, just, and growth-oriented appraisal methods.

RESEARCH METHODOLOGY:

This study adopted a **descriptive research design** to assess employee perceptions of performance appraisal. Quantitative

data was collected through a structured questionnaire from 128 employees across different departments and levels. Convenience sampling was used for easy data access. The collected data was analyzed using SPSS software with tools such as percentage analysis, Chi-square tests, ANOVA, and regression. These techniques helped identify key patterns and the impact of appraisal elements like fairness, feedback, and transparency on overall employee perception.

DATA ANALYSIS AND INTERPRETATION:

TABLE 1 : Perception of Fairness in Appraisal System

Response	Count	Percentage (%)
b. Agree	54	42.19
a. Strongly Agree	39	30.47
c. Neutral	21	16.41
e. Strongly Disagree	12	9.38
d. Disagree	2	1.56
Total	128	100

CHART 1: Perception of Fairness in Appraisal System
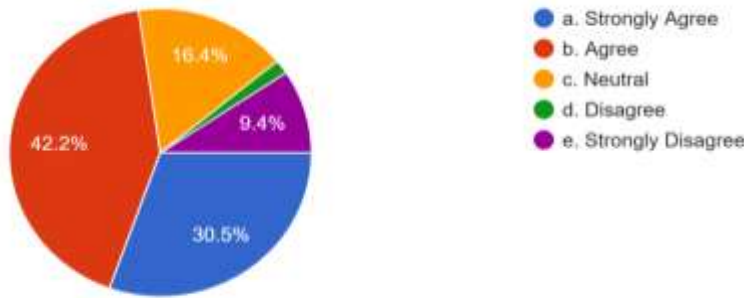
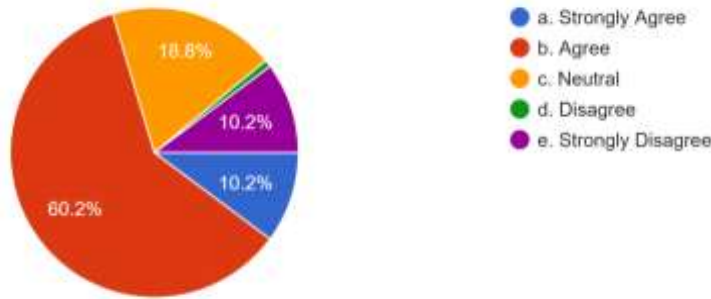
Data Interpretation and Findings:

From the above table, it is observed that 42.19% of the respondents agree and 30.47% strongly agree that the performance appraisal system is fair and unbiased, while 16.41% remain neutral and 10.94% disagree to some extent. This indicates that the majority of employees perceive the appraisal process as generally fair, though there is still scope for improvement in ensuring transparency and consistency.

TABLE 2 : Motivation to Improve Due to Appraisal

Response	Count	Percentage (%)
a. Strongly Agree	13	10.16%
b. Agree	77	60.16%
c. Neutral	24	18.75%
d. Disagree	1	0.78%

e. Strongly Disagree	13	10.16%
Total	**128**	**100%**

CHART 2 : Motivation to Improve Due to Appraisal

Data Interpretation and Findings:
From the above table, it is noted that 60.16% of respondents agree and 10.16% strongly agree that the appraisal process motivates them to improve their performance. However, 18.75% remain neutral and 10.94% disagree. This shows that while a majority are positively influenced by appraisals, the system can be further refined to enhance its motivational impact on all employees.

TABLE 3 : Opportunity for Self-Evaluation or Input

Response	Count	Percentage (%)
a. Yes	48	37.5
b. No	80	62.5
Total	**128**	**100**

CHART 4.2.13. Opportunity for Self-Evaluation or Input
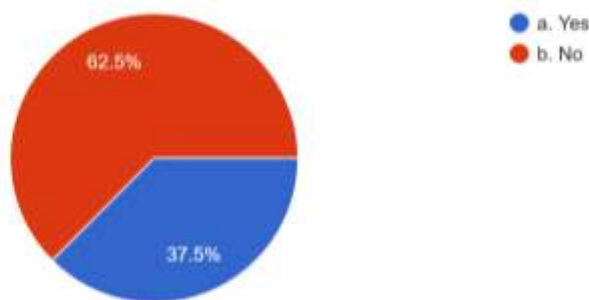
Data Interpretation and Findings:
From the above table, it is inferred that 62.5% of employees feel they do not have the opportunity to provide input or participate in self-evaluation during the appraisal process, whereas only 37.5% stated otherwise. This suggests a significant gap in employee involvement and highlights the need for including self-assessment components to make the process more participative.

TEST 1 - CHI SQUARE TEST

HYPOTHESIS:

Null Hypothesis (H_0): There is no significant association between demographic variables and employee perception of the performance appraisal system.

Alternative Hypothesis (H_1): There is a significant association between demographic variables and employee perception of the performance appraisal system.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	167.708[a]	16	<.001
Likelihood Ratio	165.807	16	<.001
Linear-by-Linear Association	19.833	1	<.001
N of Valid Cases	128		

a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .03.

INTERPRETATION:

Since the p-value (0.01) is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. Hence, there is a significant difference in the performance appraisal system fairness based on the factor of department and years of experience. Therefore, **H_0 is rejected and H_1 is accepted.**

TEST 2 : ONE WAY ANOVA

HYPOTHESIS :

Null Hypothesis (H_0): There is no significant difference in perception of performance appraisal among different employee groups.

Alternative Hypothesis (H_1): There is a significant difference in perception of performance appraisal among different employee groups.

ANOVA

criteriaapplied

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.894	3	5.298	41.288	<.001
Within Groups	15.911	124	.128		
Total	31.805	127			

INTERPRETATION :

Since the p-value of the one-way anova (0.01) is less than 0.05, we reject the null hypothesis and accept the alternative hypothesis. Hence, there is a significant difference in the perception of the appraisal system among employees from different experience levels or departments. Therefore, **H_0 is rejected and H_1 is accepted.**

CONCLUSION :

The study concludes that employees' perception of the performance appraisal system is significantly influenced by demographic factors such as department and years of experience. Statistical analysis using Chi-square and ANOVA tests revealed that these variables play a key role in shaping how the appraisal process is perceived across different groups within the organization. The results highlight the need for organizations to tailor their appraisal practices to accommodate the diverse experiences and roles of employees. By doing so, they can enhance the fairness, transparency, and overall effectiveness of performance evaluations. These findings offer actionable insights for HR professionals and management to refine appraisal systems, improve employee satisfaction, and support organizational development.

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