

## **A Study on Employee Performance Appraisal System**

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### **ABSTRACT**

The performance appraisal system is a vital component of human resource management, aiming to assess and enhance employee effectiveness, motivation, and alignment with organizational goals. This study investigates the current performance appraisal systems in place, evaluates their effectiveness, and explores the perceptions of employees and managers toward the appraisal process. Through a combination of qualitative and quantitative methodologies—including surveys, interviews, and performance data analysis—the study identifies key factors that influence the accuracy, fairness, and utility of performance evaluations. Particular focus is given to goal setting, feedback mechanisms, appraisal methods (e.g., 360-degree feedback, rating scales), and their impact on employee satisfaction, productivity, and development. The findings reveal that while many organizations implement structured appraisal systems, gaps remain in communication, transparency, and follow-up actions such as rewards or training. The study concludes with recommendations for improving appraisal effectiveness, promoting a performance-driven culture, and aligning individual and organizational objectives.

### **Keywords**

- Performance Appraisal
- Employee Evaluation
- Human Resource Management

- Feedback Mechanism
- Organizational Effectiveness

## 1.1 INTRODUCTION

Performance appraisal is a strategic tool used by organizations to evaluate and enhance employee productivity, identify strengths and weaknesses, and align individual goals with organizational objectives. In today's competitive business environment, companies must ensure that their workforce remains motivated, productive, and aligned with the company's vision. One of the key methods to achieve this is through a well-structured performance appraisal system. It not only helps in assessing employee output but also plays a crucial role in career development, compensation decisions, and succession planning. Kriya Company, a growing enterprise known for its focus on innovation and customer-centric solutions, recognizes the importance of effectively managing human resources. Employees at Kriya are its most valuable assets, and the company continuously strives to create a work environment that supports growth, accountability, and recognition. As part of its HR strategy, Kriya has implemented a performance appraisal system that evaluates employee performance on a regular basis. This system is intended to ensure fairness, transparency, and objectivity in assessing employee contributions. However, like many organizations, Kriya faces certain challenges in making its appraisal system more effective. Concerns such as bias, lack of timely feedback, unclear performance metrics, and inadequate communication often hinder the full potential of the appraisal process. Therefore, this study aims to critically analyze the current performance appraisal practices at Kriya Company, assess employee perceptions about the system, and identify areas for improvement. motivation, satisfaction, and productivity at Kriya. The findings of the study will provide valuable

### **Tata Consultancy Services (TCS)**

Tata Consultancy Services (TCS), established in 1968, is India's largest IT services provider, with over 600,000 employees operating across the globe. TCS has undergone a significant transformation in its performance appraisal system by moving away from the traditional bell-curve model. Instead, it has adopted a more flexible and continuous performance management framework. The company now emphasizes real-time feedback, employee collaboration, and development-focused assessments. TCS uses digital tools to capture frequent evaluations and to track goal-based progress. In recent quarters, the company rewarded a high percentage of employees with full variable pay, signaling a strong linkage between performance and rewards. This shift aims to foster transparency, boost motivation, and better align employee contributions with organizational goals.

### **1. Infosys**

Infosys, founded in 1981, is a global IT giant headquartered in Bengaluru, employing over 343,000 people. The company has modernized its appraisal process through a platform called "iCount," which replaces the outdated bell-curve system with continuous feedback and outcome-based assessments. This new system enables employees to receive ongoing feedback from peers, managers, and clients, making appraisals more comprehensive and relevant. Infosys has integrated goal-setting, competency tracking, and performance reviews into a real-time digital ecosystem. Studies show that employee satisfaction and retention improved significantly after these changes were implemented, as the focus

shifted to career development and fairness in evaluation rather than comparative rankings.

## 2. Wipro

Wipro is another leading Indian IT firm, with more than 234,000 employees worldwide. The company has transitioned from annual performance appraisals to a quarterly review model that encourages timely and constructive feedback. Wipro utilizes self-appraisals, 360-degree reviews, and a structured goal performance (GP) rating scale to ensure balanced evaluations. The new system prioritizes employee engagement, continuous improvement, and personalized development plans over rigid ranking systems. This approach reflects Wipro's strategic commitment to fostering a performance-driven and employee-centric work culture, which in turn supports innovation and client satisfaction.

## 3. HCL Technologies

HCL Technologies, founded in 1976, employs over 220,000 people globally and ranks among India's top three IT companies. The company has moved toward a hybrid performance appraisal approach that blends traditional goal-setting with frequent feedback mechanisms. HCL has implemented self-assessments and 360-degree reviews as part to take initiative and drive value independently

## REVIEW OF LITERATURE

1. **Patel & Sharma (2025)** conducted a comprehensive study on the impact of performance appraisal systems on employee motivation in mid-sized IT firms. Their research highlighted that timely feedback, fair evaluation metrics, and recognition significantly boost employee morale and productivity. They emphasized the need for integrating employee feedback into appraisal mechanisms to enhance acceptance and reduce resistance.

2. **Kumar and Reddy (2025)** explored how digital tools have transformed traditional appraisal methods in manufacturing companies. The study revealed that the use of AI-powered appraisal software improved transparency and reduced human biases. The authors suggested that technology-driven systems ensure better alignment of performance metrics with organizational goals.

3. **Nair et al. (2024)** focused on the psychological impact of performance appraisal systems on employees in service-based industries. They concluded that unclear appraisal standards and inconsistent supervisor behavior often lead to stress and decreased job satisfaction. The study recommended training appraisers to ensure consistency and empathy during evaluations.

4. **Verma and Joshi (2024)** investigated the role of performance appraisal in employee career planning and development. Their study, based on data from large corporate firms, showed that appraisal systems that include developmental feedback are more effective in fostering long-term Performance appraisal and retention.

5. **Chakraborty (2024)** analyzed the fairness perception in performance appraisals among public sector employees. His findings indicated that transparency in the appraisal process, clear communication of expectations, and opportunities for employee input significantly influence how fair the system is perceived.

6. **Ramesh & Banerjee (2023)** studied the connection between performance appraisal and organizational productivity. Using case studies from the retail sector, they concluded that companies with structured, objective-based appraisal methods experienced higher team output and improved overall efficiency.
7. **Tiwari and Mehta (2023)** explored employee responses to 360-degree feedback systems in multinational corporations. Their research found that while 360-degree feedback increases self-awareness and peer accountability, it requires careful management to avoid interpersonal conflicts and misinterpretation of feedback.
8. **Das and Sengupta (2023)** emphasized the importance of linking Key Performance Indicators (KPIs) to performance appraisal frameworks. The study observed that organizations using clear KPIs reported better appraisal outcomes, including improved employee trust and performance tracking accuracy.
9. **Rajput & Kulkarni (2022)** examined the role of supervisor bias in performance appraisals. Their research found that personal favoritism and lack of objectivity were major concerns among employees. They proposed the use of standardized rating scales and periodic audits of appraisal outcomes to minimize subjectivity.
10. **Singh and Thomas (2022)** evaluated the effectiveness of goal-based appraisal systems in startups. They noted that frequent one-on-one reviews and flexible appraisal cycles helped younger firms maintain agility while promoting continuous feedback and employee development.

### **3.1 NEED FOR THE STUDY**

Performance appraisal and retention are essential for organizational success, especially in a competitive and fast-changing work environment. Engaged employees are more productive, committed, and likely to stay with the company, reducing recruitment and training costs. However, many organizations struggle with low engagement and high turnover, which affect performance and growth. This study is needed to identify the key factors influencing employee motivation and loyalty, and to suggest strategies that improve job satisfaction and reduce attrition. Understanding these areas will help create a positive work culture and strengthen the organization's human resource practices.

### **3.2 STATEMENT OF THE PROBLEM**

Kriya IT Pvt. Ltd., like many companies in the IT and service sector, is facing increasing challenges in retaining its employees and maintaining high levels of engagement. Employee feedback indicates concerns related to job satisfaction, limited career growth, unclear communication, and dissatisfaction with compensation and leadership practices. These issues contribute to reduced employee morale and higher attrition rates, which in turn affect overall productivity and organizational performance. Despite efforts to build a positive work culture, the company continues to face instability in its workforce. Therefore, it is necessary to identify the key factors influencing engagement and retention, understand employee expectations, and suggest strategies to improve long-term commitment and satisfaction. This study aims to address these

concerns by analyzing current practices and offering solutions for building a more engaged and stable workforce at Kriya.

### 3.3 OBJECTIVES OF THE STUDY

- To examine the current level of Performance appraisal at Kriya Company.
- To identify the key factors influencing employee retention within the organization.
- To suggest practical strategies for improving employee motivation, satisfaction, and long- term retention.

### 3.4 SOURCE OF DATA

The study is based on primary data has been collected by using a questionnaires.

### 3.5 SAMPLING DESIGN

Primary data is the data is collected from the respondent for the first time, it is original in nature. For the purpose of collection of primary data, a well-structured questioner was framed and filled by the respondents. The questionnaires compress of closed ended as well as opened questions. Multiple choice questions are used.

### 3.6 DATA COLLECTION METHODS

The questionnaire has been framed and circulated to collect primary data. The questionnaire contains direct questions, multiple choice questions and scale questions.

### 3.7 STATISTICAL TOOLS AND TECHNIQUES

- SPSS
- EXCEL

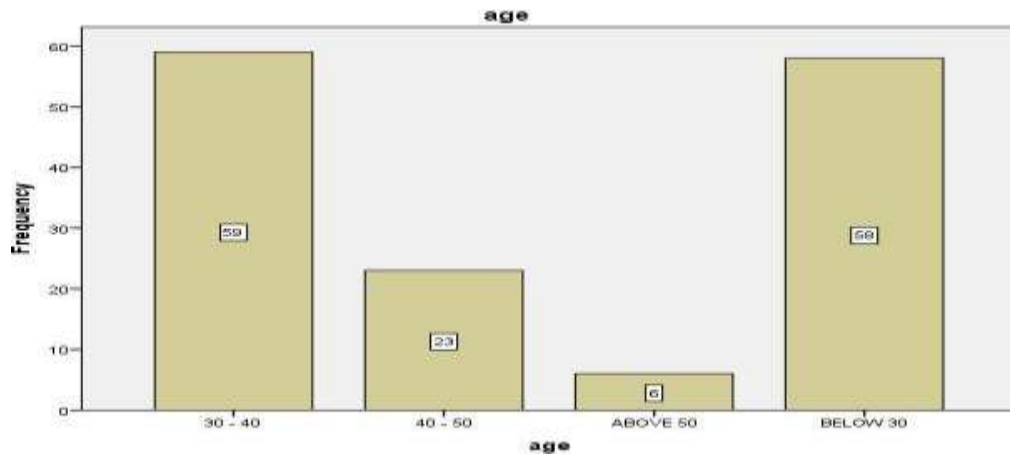
## DATA ANALYSIS AND INTERPRETATION

### 4.1DESPRIPTIVE STATASTICES

#### 4.1 AGE OF THE RESPONDENTS

		Frequency	Percent	Valid Percent
	30 - 40	59	40.4	40.4
	40 - 50	23	15.8	15.8
	ABOVE 50	6	4.1	4.1

Valid	BELOW 30	58	39.7	39.7
	Total	146	100.0	100.0



**INTERPRETATION:** The frequency distribution reveals the age composition of the respondents. The highest percentage, 40.4%, falls in the 30-40 age group. A close 39.7% of respondents are below 30 years of age. The 40-50 age category accounts for 15.8% of the total sample. Only 4.1% of respondents are above 50 years, indicating a small older workforce. This suggests that younger and middle-aged employees dominate the sample. Overall, the workforce is primarily concentrated below 40 years of age.

#### 4.1.1 MULTIPLE LINEAR REGRESSION ANALYSIS

##### Model Summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Change Statistics		
					R Change	Square F Change	df1
1	.092 <sup>a</sup>	.008	-.005	1.037	.008	.608	2

##### Model Summary

Model	Change Statistics	
	df2	Sig. F Change
1	143 <sup>a</sup>	.546

a. Predictors: (Constant), gender, age

## Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	3.556	0.307		11.601	0
1						
	age	0.045	0.103	0.036	0.432	0.666
	gender	-0.14	0.136	-0.085	-1.024	0.308

a. Dependent Variable: I am satisfied with the current Performance Appraisal System of the organization

## INTERPRETATION:

A multiple linear regression was conducted to determine whether age and gender impact satisfaction with the current appraisal system. The **R<sup>2</sup> value of 0.008** suggests that these variables explain less than 1% of the variance in satisfaction, indicating very weak predictive power. The p-values for both age and gender are above 0.05, meaning their impact is not statistically significant.

## 4.1.2 CORRELATION ANALYSIS

### Correlation

	Age	Satisfaction with the existing Performance Appraisal System
Pearson Correlation	1	-.024
Age Sig. (2-tailed)		.778
N	146	146
Pearson Correlation	-.024	1
Satisfaction with the existing Performance Appraisal System Sig. (2-tailed)	.778	
N	146	146

**INTERPRETATION:** The Pearson correlation coefficient between age and satisfaction with the current performance appraisal system is -0.024, which indicates a very weak negative relationship. This means that as age increases, satisfaction slightly decreases—but the relationship is so weak that it is practically negligible. The p-value (Sig. 2-tailed) is 0.778, which is much higher than 0.05, indicating that the result is not

statistically significant. Therefore, we can conclude that age does not have a meaningful impact on how satisfied employees are with the existing appraisal system.

## 5.1 FINDINGS

Findings for the study are Age Group Concentration: Most employees are in the 30–40 age group, indicating a young and dynamic workforce. Gender Diversity: Females slightly outnumber males, and the presence of "others" reflects a diverse and inclusive work environment. Departmental Distribution: A large portion of respondents work in Organizational Development and Talent Management. Educational Background: A well-qualified workforce, with over 40% holding postgraduate degrees. Experience Level: Many employees have 1–3 years of experience, suggesting a relatively new workforce that may need developmental support. Neutral Responses Dominance: In most appraisal-related questions, a large number of respondents chose neutral, indicating unclear communication or lack of engagement. Appraisal Effectiveness Unclear: Many employees were uncertain about how appraisals affect promotions, behavior, or performance improvement. Weak Statistical Influence of Age/Gender: Regression and correlation analyses showed that age and gender have no significant impact on satisfaction with the performance appraisal system. Lack of Feedback Opportunities: A considerable percentage of employees were unsure if they could give feedback on appraisals. Unclear Impact on Performance: Some employees reported no visible improvement in their performance due to appraisals.

## SUGGESTIONS

### 1. **Improve Communication about Appraisal Process**

Clearly explain appraisal objectives, procedures, and outcomes to all employees to reduce confusion and neutral responses.

### 2. **Implement Continuous Feedback Mechanisms**

Introduce regular feedback sessions, not just during annual reviews, to enhance trust and employee involvement.

### 3. **Enhance Appraiser Training**

Train managers to ensure fair, unbiased, and constructive performance evaluations.

### 4. **Integrate Self-Assessment Effectively**

Educate employees on how to conduct meaningful self-assessments and link them to development plans.

### 5. **Link Appraisal Results to Development Plans**

Use appraisal outcomes to create actionable training and career growth paths for employees.

### 6. **Encourage Open Feedback Culture**

Create a system where employees can safely share feedback about the appraisal system and suggest improvements.

## 7. Recognize and Reward Performance Transparently

Clearly link rewards, promotions, and recognition to appraisal outcomes to build trust in the system.

## 8. Monitor and Revise Appraisal Tools Periodically

Review and update performance appraisal tools and criteria regularly to maintain relevance and fairness.

## 5.2 CONCLUSION

The study highlights that Performance appraisal and satisfaction with the performance appraisal system at Kriya Company are moderate, with a high tendency toward neutral responses. While there are no major signs of dissatisfaction, the lack of strong agreement suggests that many employees are either unaware of or disengaged from the appraisal process. Demographic factors like age and gender do not significantly influence satisfaction, indicating that improvements must focus more on system design and communication rather than targeting specific groups. To build a more committed and motivated workforce, Kriya Company must improve the transparency, fairness, and developmental impact of its appraisal system. By doing so, the organization can enhance employee trust, retention, and long-term performance.

## 5.4 BIBLOGRAPHY

S.NO	BOOK NAME	AUTHOR	YEAR OF PUBLISH
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2.	First, Break All the Rules: What the World's Greatest Managers Do Differently	Marcus Buckingham & Curt Coffman	1999
3.	Drive: The Surprising Truth About What Motivates Us	Daniel H. Pink	2009
4.	Love 'Em or Lose 'Em: Getting Good People to Stay	Beverly Kaye & Sharon Jordan-Evans	2008
5.	Performance appraisal 2.0: How to Motivate Your Team for High Performance	Kevin Kruse	2012

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