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Evaluating Performance Appraisal Practices In Steel Authority Of India: Employee Perspectives And Organizational Impact

P.Hemalatha[1*], Dr. D.Kumaresan[2]
[1*]Ph.D. Research Scholar in Commerce, Laxmi Narayana Arts and Science College for Women, Dharmapurai (Dt), Tamilnadu.
[2]Former Principal Laxmi Narayana Arts and Science College for Women, Dharmapurai (Dt), Tamilnadu.

ABSTRACT
This research investigates the effectiveness of the performance appraisal mechanisms at Steel Authority of India Limited (SAIL), Salem, focusing on employee perceptions regarding fairness, transparency, and the impact on motivation. The study explores how various demographic factors, such as age, educational qualifications, and work experience, influence employees' satisfaction with the appraisal process. By employing a quantitative research design, the study utilized a standardized questionnaire distributed to 175 employees, assessing multiple aspects of performance appraisal systems such as the type, frequency, and methods used, including 360-degree feedback, management by objectives (MBO), self-appraisal, and peer reviews. Results from the study show significant variations in employee satisfaction based on demographic characteristics and appraisal methods. The study suggests targeted interventions to enhance the effectiveness of the appraisal mechanism, including leadership programs, mentorship, and improved feedback systems, with a focus on employee motivation and organizational growth.
Keyword: *Performance Appraisal Mechanism, Employee Evaluation, Human Resource Management, Steel Industry, Workforce Productivity, Employee Motivation.*

1. INTRODUCTION

Performance management plays a pivotal role in Human Resource (HR) practices, focusing on improving employee productivity and motivation (Aguinis, 2019). It involves assessing an employee's performance, identifying obstacles to success, and creating strategies for improvement. In organizations like Steel Authority of India Limited (SAIL), Salem, effective performance appraisals contribute to organizational success by enhancing employee motivation and engagement (Dessler, 2020). These appraisals use methods like 360-degree feedback, management by objectives (MBO), self-appraisal, rating scales, and peer reviews to ensure fairness and transparency (Noe et al., 2021). Performance appraisals align individual goals with organizational objectives, which helps in providing clear career development paths. However, challenges such as biases, subjectivity, and insufficient feedback often undermine the effectiveness of the system (DeNisi & Murphy, 2017). In manufacturing sectors like SAIL, performance appraisal mechanisms are crucial for increasing workforce efficiency, job satisfaction, and retention (Robbins & Judge, 2019). A well-designed system not only provides constructive feedback but also enhances skill development and career growth opportunities.

Employee involvement and open communication are essential in performance appraisals, as timely feedback can boost motivation and professional growth (Armstrong & Taylor, 2020). However, issues like favoritism, lack of timely feedback, and unclear performance criteria often affect employees' perceptions of the appraisal process (Landy & Conte, 2018). Understanding these factors at SAIL, Salem, is critical to improving the fairness and transparency of the appraisal system (Aguinis, 2019). This study aims to analyze employees' perceptions of the appraisal system, examining how factors such as age, educational qualifications, and work experience influence their satisfaction with the process (Gupta, 2007). By exploring these dynamics, this research seeks to provide actionable recommendations to improve SAIL's performance appraisal framework, thereby enhancing workforce motivation and productivity (Dessler, 2020). The insights gained will help ensure that performance appraisals are not only more transparent but also more effective in promoting employee growth and organizational success.

2. REVIEW OF LITERATURE

Rekha and Geetha (2019) highlighted the crucial role of performance appraisals in improving banking efficiency by aligning employee goals with organizational objectives. They emphasized that training and motivation significantly impact employee performance, with post-training support being a key factor. A structured and periodic appraisal system is also essential for enhancing skills, decision-making, and adaptability in the banking sector. However, they noted the need for improvements in self-appraisal and 360-degree feedback methods to

eliminate bias. Vermani and Bhattacharjee (2018) discussed the shift of the Airports Authority of India's (AAI) performance management system (PMS) from an offline to an online format, improving traceability and reducing delays. While employees perceived the online system as more transparent, concerns remained regarding its complexity. The study compared AAI's PMS to that of SAIL, noting that AAI's system requires more HR interventions, potentially slowing down efficiency.

Khan (2022) examined the effectiveness of the 360-degree performance appraisal system in Indian banks, focusing on its role in employee evaluation, promotions, and skill development. His analysis showed that while performance appraisals improve communication and goal alignment, employees often perceive bias and dissatisfaction. Key factors such as fairness, administrative value, and employee participation were identified as critical to the system's effectiveness. Hemalatha and Kumaresan (2022) assessed employee awareness of the performance appraisal system at SAIL, finding that age and job nature significantly influenced awareness, while gender, marital status, and education had no impact. Their study also revealed that most employees had medium awareness, with officers showing lower awareness than workers. They concluded that transparency in the appraisal process enhances motivation and reduces workplace conflicts.

Kodi and Kumar (2021) examined performance evaluation systems in higher education institutions (HEIs) across developed and developing nations. They found that institutional culture, societal norms, and economic factors significantly influence the effectiveness of appraisal systems. Transparent and participatory models were shown to improve staff motivation and institutional performance, though resistance from employees and cultural biases often hinder objective assessments. Thomas et al. (2024) studied the impact of performance reviews on staff performance in approved colleges, revealing that performance appraisals significantly influence employee motivation, career progression, promotions, pay raises, and incentives. They found that structured feedback enhances productivity and skill development, confirming a strong relationship between employee performance and performance reviews.

3. STATEMENT OF THE PROBLEM

Performance appraisal is a vital aspect of human resource management, significantly affecting employee motivation, productivity, and organizational success. In large public sector organizations such as SAIL, Salem, the effectiveness of the performance appraisal system plays a crucial role in enhancing workforce efficiency and achieving operational excellence. However, challenges regarding transparency, fairness, and overall effectiveness persist. Employees often report concerns about bias, insufficient feedback, and limited opportunities for career advancement. Additionally, aligning appraisal results with rewards, promotions, and skill development continues to be a struggle. This study aims to assess the current performance appraisal practices at SAIL, Salem, identifying potential gaps and areas for improvement.

4. OBJECTIVES OF THE STUDY

- To present the demographic profile and working profile of the selected employees in Steel Authority of India Limited, Salem.
- To examine the practices of performance appraisal mechanism among selected employees in SAIL.

5. HYPOTHESIS OF THE STUDY

- There is no significant difference in mean practices of performance appraisal mechanism with regard to work experience of the employees.
- There is no significant difference in mean practices of performance appraisal mechanism with regard to type of performance appraisal methods used among the employees.
- There is no significant difference in mean practices of performance appraisal mechanism with regard to frequency of performance appraisal of the employees.
- There is significant relationship with practices of performance appraisal mechanism among selected variables.

6. RESEARCH METHODS

This study evaluated the performance appraisal system at Steel Authority of India Limited (SAIL) in Salem using a descriptive research design. The data were collected through a standardized questionnaire distributed to 175 employees at SAIL, selected via convenience sampling. The questionnaire, which included closed-ended and Likert-scale questions, assessed various aspects of the performance appraisal practices. The gathered data were analyzed using quantitative methods, including frequency distribution, percentage analysis, mean scores,

standard deviation, ANOVA, and multiple regression analysis. The data were processed with MS Excel and SPSS 22.0 software to derive insights into the performance appraisal mechanisms.

7. RESULT AND DISCUSSION

7.1Demographic profile and Practices of Performance Appraisal Mechanism

The demographic profile of staff members and their performance assessment system at SAIL, Salem, is shown below. It includes variables such as age, educational qualification, work experience, type of performance appraisal methods used and frequency of performance appraisal.

Table 1: Demographic profile and Practices of Performance Appraisal Mechanism

No.	Variables Name	Number of Employees	%	Mean	Standard Deviation
1	**Age of the employees**				
	• Less than 25 Years	32	18.3	3.45	0.63
	• 25 - 35 Years	59	33.7	3.73	0.58
	• 36 - 45 Years	45	25.7	3.63	0.48
	• 46 - 55 Years	26	14.9	3.84	0.48
	• Above 55 Years	13	7.4	3.81	0.63
	Total	**175**	**100.0**		
2	**Educational Qualification**				
	• Upto School level	53	30.2	3.71	0.55
	• Colleges level	71	40.6	3.67	0.59
	• Professional	32	18.3	3.85	0.45
	• Others	19	10.9	3.43	0.62
	Total	**175**	**100.0**		
3	**Work Experience**				
	• Less than 5 years	56	32.0	3.60	0.58
	• 5–10 years	62	35.4	3.84	0.48
	• 11–15 years	34	19.5	3.42	0.64
	• Above 15 years	23	13.1	3.91	0.41
	Total	**175**	**100.0**		
4	**Type of Performance Appraisal Methods Used**				
	• 360-Degree Feedback	23	13.1	3.33	0.55
	• Management by Objectives (MBO)	55	31.4	3.77	0.58
	• Self-Appraisal	45	25.7	3.78	0.52
	• Rating Scales	37	21.2	3.61	0.55
	• Peer Review	15	8.6	3.87	0.49
	Total	**175**	**100.0**		
5	**Frequency of Performance Appraisal**				
	• Quarterly	20	11.4	3.56	0.64
	• Half-Yearly	54	30.9	3.87	0.43
	• Annually	70	40.0	3.68	0.55
	• Biennially	31	17.7	3.47	0.66
	Total	**175**	**100.0**		

The table above indicates that the largest group of employees (33.7%) fall within the 25–35 years age range, followed by those aged 36–45 years (25.7%). Employees under 25 years make up 18.3%, while those in the 46–55 years age group represent 14.9%, and the smallest percentage (7.4%) are employees above 55 years. The highest mean value (3.84) for performance appraisal practices is observed among employees aged 46–55 years, while the lowest (3.45) is found in the under-25 group. Regarding educational qualifications, the majority of employees (40.6%) hold a college-level education, followed by those with school-level education (30.2%). Employees with professional qualifications make up 18.3%, and 10.9% possess other qualifications. The highest mean value (3.85) for appraisal practices is found among employees with professional qualifications, while the lowest mean (3.43) is reported by those with other qualifications. In terms of work experience, the largest group (35.4%) has 5–10 years of experience, followed by employees with less than 5 years (32.0%). Those with 11–15

years of experience account for 19.5%, while employees with more than 15 years make up 13.1%. Employees with over 15 years of experience report the highest mean value (3.91) for performance appraisal practices, whereas those with 11–15 years of experience have the lowest mean (3.42).
The most commonly used performance appraisal method is Management by Objectives (MBO) (31.4%), followed by Self-Appraisal (25.7%). Rating Scales are used by 21.2%, and 360-Degree Feedback is employed by 13.1%. Peer Review is the least used method, with only 8.6% of employees utilizing it. Peer Review shows the highest mean value (3.87), while 360-Degree Feedback has the lowest (3.33). Regarding the frequency of appraisals, 40.0% of employees undergo annual appraisals, followed by those with half-yearly appraisals (30.9%). Biennial appraisals account for 17.7%, and quarterly appraisals are the least common, at 11.4%. Half-yearly appraisals have the highest mean value (3.87), while biennial appraisals show the lowest (3.47).

7.2Practices of Performance Appraisal Mechanism

This section examines employees' practices of the performance appraisal mechanism based on key evaluation criteria. It includes eight statements related to practices of performance appraisal mechanism such as fairness, effectiveness on strength, feedback, motivation, organizational growth and employee development, opportunity to discuss appraisal results and the impact of appraisals on career growth. The mean scores and standard deviations provide visions into how employees assess the effectiveness of the appraisal system.

Table 2: Practices of Performance Appraisal Mechanism

S. No	Statements	Mean Score	SD
1	The performance appraisal system in my organization is conducted fairly and transparently.	3.71	1.28
2	The appraisal process effectively identifies my strengths and areas for improvement.	3.86	1.34
3	I receive timely and constructive feedback from my supervisor during the performance appraisal.	3.78	1.10
4	The performance appraisal system helps in enhancing employee motivation and job satisfaction.	3.60	1.24
5	My performance appraisal results have a significant impact on my salary increments and promotions.	3.40	1.10
6	Current performance appraisal mechanism contributes to organizational growth and employee development.	3.87	1.12
7	I am given an opportunity to discuss my appraisal results and provide my feedback.	3.80	1.17
8	The performance appraisal system is free from favouritism and personal bias.	3.49	1.13

For the claims regarding the performance appraisal system, the Cronbach Alpha value is 0.891. According to this study, performance evaluation system's dependability is good and appropriate for analysis. The employees with the mean score and standard deviation of 3.87 and 1.12 respectively believe that 'current performance assessment mechanism contributes to organisational growth and employee development'. With the mean score and standard deviation of 3.86 and 1.34 respectively, 'the appraisal process effectively identifies my strengths and areas of improvement'.

TESTING OF HYPOTHESIS (ANOVA)

7.3Relationship between Demographic profile and Practices of Performance Appraisal Mechanism

This part has examined the correlation among the chosen employees between the demographic profile and performance assessment system practices. Anova test has been devised and performed to investigate the link between particular independent variables of the employees and practices of performance assessment mechanism.

Work Experience and Practices of Performance Appraisal Mechanism

H_0: There is no significant difference in mean practices of performance appraisal mechanism with regard to work experience of the employees.

Table 3: Work Experience and Practices of Performance Appraisal Mechanism

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	5.505	3	1.835	6.273	0.000*
Within Groups	50.022	171	0.293		

Total	55.527	174			

Note: * – Significant at 1% level

Based on the study, it is clear that the 'p' value is smaller than 0.05 hence the null hypothesis is refuted. Therefore, with relation to work experience of the employees, mean practices of performance evaluation mechanism differ greatly.

Type of Performance Appraisal Methods Used and Practices of Performance Appraisal Mechanism

H_0: There is no significant difference in mean practices of performance appraisal mechanism with regard to type of performance appraisal methods used among the employees.

Table 4: Type of Performance Appraisal Methods Used and Practices of Performance Appraisal Mechanism

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	4.361	4	1.090	3.622	0.007*
Within Groups	51.166	170	0.301		
Total	55.527	174			

Note: * – Significant at 1% level

The null hypothesis is disproved from the study since the 'p' value is smaller than 0.05. Therefore, there is a notable variation in mean practices of performance evaluation mechanism with respect to type of performance evaluation techniques applied among the employees.

Frequency of Performance Appraisal and Practices of Performance Appraisal Mechanism

H_0: There is no significant difference in mean practices of performance appraisal mechanism with regard to frequency of performance appraisal of the employees.

Table 5: Frequency of Performance Appraisal and Practices of Performance Appraisal Mechanism

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	3.694	3	1.231	4.062	0.008*
Within Groups	51.833	171	0.303		
Total	55.527	174			

Note: * – Significant at 1% level

The study shows that the 'p' value is smaller than 0.05 so the null hypothesis is disproved. Therefore, there is a notable variation in mean practices of performance evaluation mechanism about frequency of performance appraisal of the employees.

Relationship of Practices of Performance Appraisal Mechanism

The relationship of practices of performance appraisal mechanism with selected variables among employees is discussed in the following table.

H_0: There is significant relationship with practices of performance appraisal mechanism among selected variables.

Table 6: Relationship of Practices of Performance Appraisal Mechanism (Multiple Regression Analysis)

No.	Variables	Coefficient	SE	't' value	'p' value
	(Constant)	3.729			
1	Age	0.052	0.047	1.119	0.265^{NS}
2	Educational Qualification	-0.087	0.048	-1.803	0.073^{NS}
3	Work Experience	0.079	0.038	2.066	0.040**
4	Frequency of Performance Appraisal	0.096	0.021	4.571	0.000*
	R Value	**0.826**			
	R^2 Value	**0.682**			
	F Value	**72.281**			

Note: * - Significant at 1% level; ** - Significant at 5% level; NS - Not Significant

With R^2 = 0.682, the table above shows to be statistically fit; so, the proposed model has good fit. The regression coefficient value of work experience of employees of 7.9 percent and frequency of performance appraisal of 9.6 percent are related positive significantly with the practices of performance appraisal mechanism among the selected employees.

8. FINDINGS

- It is indicated that majority of employees are belong to the 25–35 years age group. Also, maximum level of practices of performance appraisal mechanism is obtained by the employees belong to the 46-55 years age group.
- It is showed that majority of employees are qualified college level education. Further, maximum level of practices of performance appraisal mechanism is obtained by the employees who have professional qualification.
- It is assessed that majority of employees have experience of 5-10 years. Additionally, maximum level of practices of performance appraisal mechanism is obtained by the employees who have experience of above 15 years.
- It is displayed that majority of employees who performing appraisal method of Management by Objectives (MBO). Further, maximum level of practices of performance appraisal mechanism is obtained by the employees who undergo Peer Review method.
- It is assumed that majority of the employees have experienced performance appraisals annually. Furthermore, maximum level of practices of performance appraisal mechanism is obtained by the employees who undergo half-yearly appraisals.
- It is confirmed from the mean score analysis that the employees agreed that 'current performance appraisal mechanism contributes to organizational growth and employee development' with the mean score of 3.87 and 'the appraisal process effectively identifies my strengths and areas for improvement' with the mean score of 3.86.
- The Anova test proved that there is a significant difference in mean practices of performance appraisal mechanism with regard to work experience of the employees.
- From the 'F' test, it is noticed that there is a significant difference in mean practices of performance appraisal mechanism with regard to type of performance appraisal methods used among the employees.
- The Anova test observed that there is a significant difference in mean practices of performance appraisal mechanism with regard to frequency of performance appraisal of the employees.
- The multiple regression analysis depicted that work experience (7.9%) and frequency of performance appraisal (9.6%) are related positive significantly with the practices of performance appraisal mechanism among the selected employees.

9. SUGGESTIONS

- The findings indicated that high level of practices of performance appraisal mechanism is obtained by the employees belong to the 46-55 years age group. Hence, Steel Authority of India Limited, Salem should introduce targeted leadership and skill enhancement programs among their employees to further leverage their experience.
- From the study, it could be observed that maximum level of practices of performance appraisal mechanism is obtained by the employees who have professional qualification. So, it is suggested steel industry should provide financial assistance, recognition, and career advancement opportunities for employees pursuing professional qualifications to enhance their engagement in performance appraisals.
- It is measured that high level of practices of performance appraisal mechanism is obtained by the employees who have experience of above 15 years. The steel industries should implement structured mentorship programs where employees with more experience can guide and train junior staff to improve overall workforce efficiency.
- From the study, it is mentioned that maximum level of practices of performance appraisal mechanism is obtained by the employees who undergo Peer Review method. Therefore, steel industry should integrate peer review with other appraisal methods to create a more comprehensive evaluation system that fosters collaboration and accountability among employees.
- It is depicted from the findings that high level of practices of performance appraisal mechanism is obtained by the employees who undergo half-yearly appraisals. Accordingly, steel industry should reinforce structured mid-year review sessions focused on performance improvement and goal alignment.
- The steel industry should ensure that employees clearly understand the appraisal criteria, objectives, and outcomes to build trust and encourage active participation in the evaluation process.

- The steel industry should tailor performance appraisal methods based on employees' experience levels to ensure relevant feedback, motivation, and career development opportunities.

10.CONCLUSION

This study analyzed the performance appraisal practices at Steel Authority of India Limited (SAIL), Salem, highlighting the critical role a well-structured appraisal system plays in fostering employee motivation and organizational efficiency. The findings demonstrate that demographic factors such as age, professional qualifications, and work experience significantly influence employees' engagement with the appraisal process. Notably, peer review emerged as the most effective appraisal method, while half-yearly evaluations were found to enhance employee participation and satisfaction. The study also identified significant variations in appraisal practices based on work experience, the type of appraisal method, and the frequency of appraisals. To optimize the effectiveness of the performance appraisal system, it is recommended that SAIL implement leadership training, mentorship programs, and structured feedback mechanisms. By integrating diverse appraisal methods and encouraging continuous professional development, SAIL can further enhance employee performance and organizational growth.

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