



A study on Performance Appraisal in Textile Mill in VAPI region

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Abstract

This study examines the performance appraisal system at Textile Mill in Vapi region. It finds that while the process is fair and well-communicated, it lacks transparency, motivation, and digital integration. Appraisals are linked to promotions but less so to training and salary decisions. The analysis shows no strong link between department placement and gender or experience, though gender and experience do show some correlation. The study suggests improvements in transparency and digital tools to boost employee development and organizational effectiveness.

Key

Performance Appraisal, fairness, communication of objectives, appraisal parameters, motivation, improvement suggestions.

Words:

Meaning of Performance Appraisal

The term "performance appraisal" refers to a structured and regular review of an employee's job performance, assessing how well their work aligns with the set job criteria. This process identifies strengths, areas for improvement, and the employee's overall value to the organization, while also planning for future growth and development.

Performance appraisal is the systematic process organizations use to evaluate and assess employee job performance.

Performance appraisals are also called performance evaluations, performance reviews, development discussions, or employee appraisals.

If you conduct a successful performance appraisal, you can get a handle on what the employee does best and identify areas that require improvement. Appraisals also come in handy for deciding how to fill new positions in the company structure with existing employees.

Importance of Performance Appraisal

Performance appraisal plays a vital role in employee development by identifying strengths and areas for improvement, guiding training needs, and aligning individual goals with organizational objectives. It serves as a tool for motivation by recognizing good performance and aids in making fair decisions regarding promotions, compensation, and succession planning. Additionally, it fosters open communication between employees and management, ultimately leading to improved performance and a more productive work environment.

Review of Literature

In order to get some insight to the topic under study, some literature has been reviewed and referred:

1. The study by Neha (2021) examines the **Impact of performance appraisals on employee performance, with a comparative focus on Eicher and Mahindra**. Drawing on previous research, the study finds that a well-structured appraisal system is closely linked to higher employee motivation and enhanced performance. It emphasizes the role of performance appraisals in shaping future organizational goals and planning. Additionally, the study highlights the



importance of feedback mechanisms in appraisals for employee development and career growth. Ultimately, it concludes that an effective performance appraisal system is crucial for improving both individual and organizational performance.

2. The study titled **"Performance Appraisal and its Impact on Employee Motivation"** by Sumitha R. (2019) explores the challenges employees face during the performance appraisal process, its role in meeting their growth and training needs, and its influence on motivation in the IT industry. The literature review highlights that employee satisfaction with appraisal systems fosters motivation, creativity, and career development (Hussein & Mayssa, 2017), while perceptions of fairness and relationships with supervisors significantly impact reactions to appraisal outcomes (Dusterhoff et al., 2014). The study concludes that performance appraisal is vital in human resource management, aligning motivated employees with organizational goals. In Kerala's IT sector, key appraisal methods were identified, alongside challenges like appraisal errors and the necessity for reskilling employees through targeted training programs.

3. The studies by Renu Nathawat (2014) and Wako Geda Obse (2018) highlight the importance of effective performance appraisal systems (PAS) in organizational success. Nathawat's study identifies gaps in PAS within cement companies, noting issues like inadequate training and biases among appraisers, which lead to dissatisfaction among workers. It emphasizes the need for strategies to address these gaps and improve performance measurement. Obse's research focuses on employee perceptions of PAS at the Ethiopian Revenues

and Customs Authority, stressing the role of appraisal systems in fostering job satisfaction and achieving organizational goals. Both studies underscore that fair, transparent, and well-structured appraisal systems are essential for enhancing employee contributions, satisfaction, and overall organizational performance.

4. The study **"Impact of Performance Appraisal on Employee's Performance Involving the Moderating Role of Motivation"** by Zeeshan Haider (2013) examines the relationship between employee performance and performance appraisal, as well as the impact of performance appraisal and motivation on employee performance. The literature review references Cleveland, Murphy,

and William (1989), who highlight that performance appraisals create a reward system that aligns the efforts of both leaders and employees toward common organizational goals. The study concludes that an effective performance appraisal system, by fostering motivation and collaboration, helps ensure that both leadership and employees work together to achieve shared organizational success.

5. The study **"An Exploratory Research on 720 Degree Feedback System: A Study of Indian Corporate"** by Neha Raghav (2017) explores the use of the 720° feedback system in Indian organizations, aiming to identify workers for motivation, training, and development. The literature review references Breugh (1981), who outlined four performance dimensions—quality, quantity, dependability, and job knowledge—on which employees can be measured, which, when combined with

Vroom's theory, leads to Hunter's approach for rating employee output. The study concludes that the 720° feedback system enhances leadership evaluation by addressing gaps in the 360° model, offering continuous feedback, and integrating action plans into performance appraisals, ultimately linking executive performance to customer loyalty and profitability for organizational success.

6. The study **"Study of Performance Appraisal System in TATA STEEL LTD"** by Pallavi Singh Yadav (2015) examines the impact of performance appraisal exercises at Tata Steel on employee performance ratings. The literature review references Malcolm and Jackson (2002), who highlight the benefits of performance appraisals in organizations, including their role in

employee retention, reward decisions, targeted training based on identified needs, and guiding promotion decisions. The study concludes that performance appraisals are essential for effective workforce management and organizational growth, as they help align employee performance with strategic goals and enhance overall organizational effectiveness.

7. The study **"The Effects of Performance Appraisal System on Employees' Performance"** by Agatha Filemon Shayo (2013) evaluates the impact of performance appraisal systems on employees. Citing Gupta (2006), the study defines performance appraisal as a process to assess employee performance, progress, and potential, through formal procedures. The study concludes that employees at WAPO, Tumaini, and Upendo



radios are dissatisfied with the performance appraisal process, citing a lack of awareness, training, and involvement in setting goals, evaluation, and feedback. This lack of employee participation in decision-making leads to low morale, stress, and high turnover in these organizations.

8. The study "Evaluation of Performance Appraisal System in Hospitals for Doctors with Specific Reference to Saurashtra Region" by K.S. Dave (2020) focuses on setting and measuring goals, as well as counseling poor performers within hospital settings. The literature review cites Lee and Son (1998), who found that while employees' reactions to performance appraisals were positively influenced by participation, goal setting, and career discussions, these factors did not lead to improved job performance. The study concludes that the performance appraisal system for doctors in hospitals should be unbiased, ensuring that doctors' knowledge, skills, and attitudes are fairly assessed for optimal performance evaluation.

9. The study "The Effectiveness of the Performance Appraisal of Public Sector Employees" by Reman Yousif Abushanab, Abdulghani Al-Hattam, and Nahed Salman (2021) examines the effectiveness of performance appraisal programs for remote employees in public sector organizations. The literature review highlights a study on compensation and benefits in Bahrain, revealing a significant correlation between employee compensation and performance effectiveness. The study concludes by focusing on the experience of public sector employees regarding performance evaluation policies for remote working in Bahrain. It assesses the impact of performance appraisal systems on employee

commitment and skills, emphasizing the importance of these evaluations for improving remote workers' performance.

10. Ashish Kumar Ranga (2018) examines the impact of performance appraisal on employee motivation and work performance in the hotel industry. The study defines employee performance as observable and measurable behavior that contributes to organizational goals. Performance appraisal is seen as a strategic tool that aligns HR activities with business policies. It involves assessing employees, developing their skills, enhancing performance, and distributing rewards to improve overall effectiveness.

Objectives of Study

The following objectives were developed for the purpose of present study.

1. To study whether scientific performance appraisal is applied in company.
2. To find whether increments of employees are based on performance appraisal of organization.
3. To study whether performance appraisal helps employees improve employees' performance.

Research Methodology

Research Design

Research design refers to blue print for the research. It is a plan through which observations are made and data is assembled. It provides an empirical and logical basis for drawing conclusions and gaining perfect knowledge. To accomplish the above objectives of the study, both primary and secondary data

have been applied. A quantitative approach with an exploratory and descriptive design encompassing the survey method has been used.

Type of Data Used

The analysis of present study is based on primary as well as on secondary data. However, more emphasis has been laid on primary data.

Primary Data:

Primary data are original in character and are collected afresh for some specific purpose. The primary data has been collected through under mentioned methods.

Questionnaire:

A well-structured schedule of questions containing different aspects of the study has been developed and circulated to the persons concerned. Demographic as well as socio-economic background of the respondents has also been sought initially. Then a well-structured questionnaire has been used to collect data from the organization. A Five point Likert's rating scale has been used for the instrument drafting. The scoring scale of the questionnaire is: 5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree and, 1=Strongly Disagree. Cronbach's

alpha test (Hair et al., 2009) has been applied to check the reliability or otherwise of the questionnaire prepared.

Sampling

This study is a case study conducted in a Textile Mill. A structured questionnaire was used as the primary data collection instrument and was distributed to 74 respondents. The objective was to analyze performance



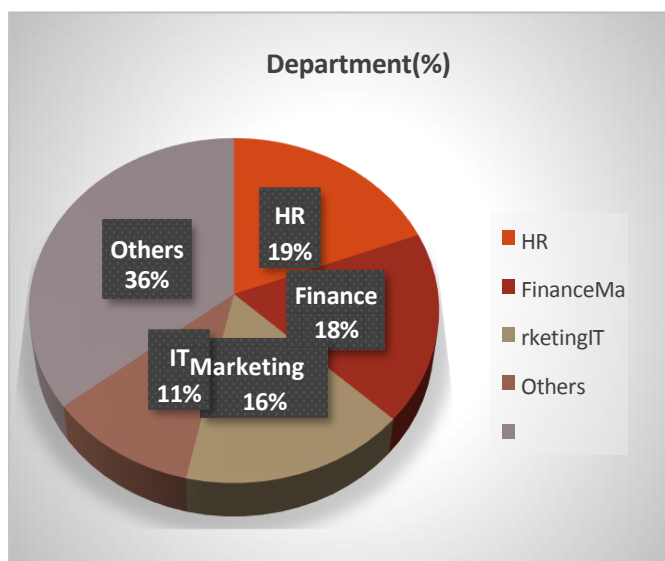
appraisal and its impact on employee performance. Special care was taken during sample selection to ensure diversity in terms of experience, gender, marital status, and departmental affiliation, thereby capturing a comprehensive perspective across the organization.

• Tools of Analysis

The data was presented using tables, diagrams, and figures. For analysis, mathematical techniques such

as the simple average and percentage method were employed to aid interpretation. Additionally, non-parametric tests, including the Chi-square test, were used for further analysis. SPSS 17.0 software was utilized for the initial data processing and statistical evaluation. The study focused on examining performance appraisal and its impact on employee performance.

Demographic Details of Respondents Departments where Respondents Work

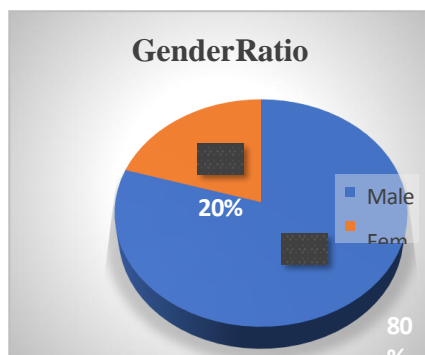


Statement	Frequency
HR	18.9
Finance	17.6
Marketing	16.2
IT	10.8
Others	35.1

Fig.1.1 Table.1.1

The pie chart and table categorize the placements into HR, Finance, Marketing, IT, and Others. The table provides numerical data, while the pie chart represents percentages. According to the data, the "Others" category has the highest placement percentage at 36%, followed by HR at 19%, Finance at 18%, Marketing at 16%, and IT at 11%. This distribution indicates that a significant portion of placements falls outside the core listed departments, with HR and Finance securing notable shares. IT has the lowest representation among the specified fields. The visualization provides a clear insight into placement trends across departments.

Gender of Respondents



Statements	Frequency
Male	59
Female	15
Total	74

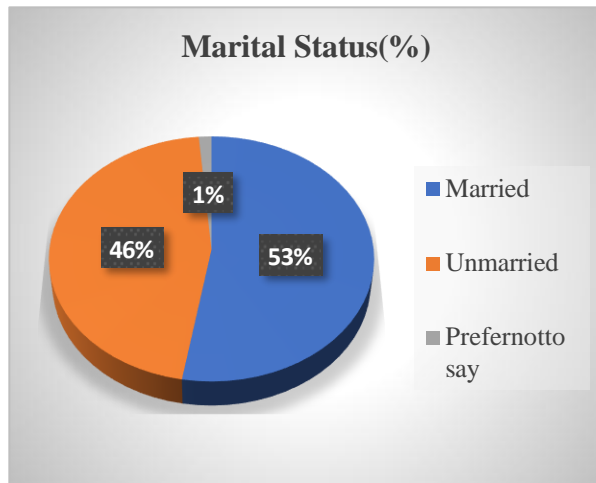
Fig.1.2

Table.1.2



The pie chart represents the gender ratio, showing that 80% of the population is female, while only 20% is male. The chart uses different shades of orange to differentiate between the two groups, with a legend indicating "Male" and "Female." The significant imbalance suggests a Male-dominated environment, which could be relevant in contexts such as workplace demographics, educational institutions, or specific survey responses. The data visually emphasizes the gender disparity, highlighting that Males constitute the majority in this particular scenario.

Marital Status



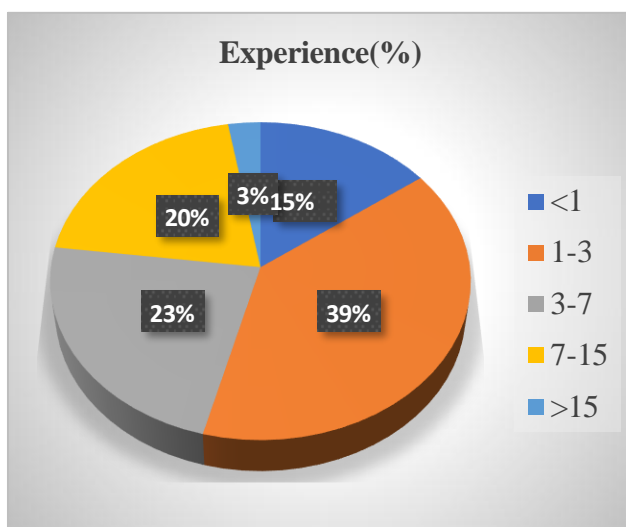
Statements	Frequency
Married	39
Unmarried	34
Prefer not to say	1
Total	74

Fig1.3 Table1.3

The pie chart represents the marital status distribution of a given population. According to the chart, 53% of individuals are unmarried, making up the largest portion of the dataset. Married individuals account for 46%, which is slightly lower than the unmarried category. A very small percentage, just 1%, chose not to disclose their marital status. This distribution suggests that the majority of the population in this dataset is single, with a nearly equal split between married and unmarried individuals.

Experience

Fig1.4 Table1.4



Statements	Frequency
<1	11
1-3	29
3-7	17
7-15	15
>15	2
Total	74



The above pie chart represents the distribution of experience levels in a given population. The largest group, comprising 39%, has less than 4 years of experience, indicating a significant presence of early-career professionals. The next largest category, with 23%, falls in the 7–15 years' experience range, followed by 20% who have over 15 years of experience, suggesting a strong presence of mid to senior-level professionals. A smaller segment, 15%, has between 4–7 years of experience, while the smallest group, just 3%, falls in the 3–7 years range. This distribution suggests a balanced mix of junior, mid-career, and experienced professionals, with a notable concentration of employees in the early career stage.

Organization Conducts PA

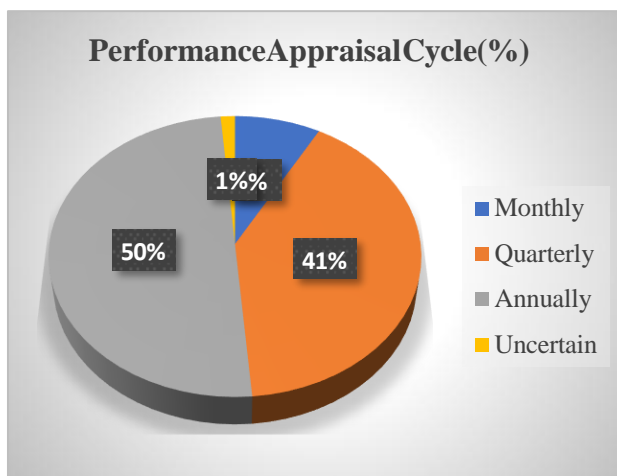


Statements	Frequency
Yes	72
No	02
Total	74

Fig1.5 Table1.5

The pie chart illustrates whether organizations conduct performance appraisals. The overwhelming majority, 97%, confirm that their organization conducts performance appraisals, while only 3% report that their organization does not. This indicates that performance appraisal systems are widely implemented across organizations, suggesting a strong emphasis on evaluating employee performance and providing feedback. The minimal percentage of organizations not conducting appraisals could reflect either smaller businesses or those with alternative evaluation methods.

Performance Appraisal Cycle



Statements	Frequency
Monthly	6
Quarterly	30
Annually	37
Uncertain	1

Fig.1.6 Table1.6

The pie chart illustrates the frequency of performance appraisal cycles in organizations. The



majority, 50%, fall under the "Uncertain" category, indicating that either employees are unaware of the appraisal cycle or the organization does not have a fixed schedule. A significant portion, 41.6%, conducts appraisals annually, which is a common practice in many organizations for performance evaluation. Quarterly appraisals are followed by 11.6%, showing that a small number of organizations

refer more frequent performance reviews. Monthly appraisals are either absent or negligible in the dataset. This data suggests that while annual appraisals are the norm, a considerable number of employees are unsure about their organization's appraisal cycle.

Statements Confirming Performance Appraisal Practices in the Organization

Table 1.7

Statements	S.A.	Agree	Neutral	D.A.	S. D.	Total
Superiors conduct a Fair P.A.	12 (16.2)	57 (77)	5 (6.8)	00 (00)	00 (00)	74 (100)
Objectives of the Appraisal are clearly communicated	4 (5.4)	66 (89.2)	1 (1.4)	00 (00)	3 (4.1)	74 (100)
Parameters of PAS are communicated before conducting a Appraisal Process	7 (9.5)	62 (83.8)	5 (6.8)	00 (00)	00 (00)	74 (100)
Performance Appraisal system of your company is rated high by employees	4 (5.4)	60 (81.1)	9 (12.2)	1 (1.4)	00 (00)	74 (100)
PAS System Motivates employees to Perform well.	00 (00)	1 (1.4)	00 (00)	58 (78.4)	00 (00)	74 (100)
PAS System of the Company is Transparent	00 (00)	00 (00)	4 (5.4)	62 (83.8)	8 (10.8)	74 (100)
Company uses digital tools /software for PA	1 (1.4)	2 (2.7)	4 (5.4)	57 (77)	10 (13.5)	74 (100)
Promotion is based on PA only	00 (00)	00 (00)	3 (4.1)	50 (67.6)	21 (28.4)	74 (100)
Increments are based on employees' PA	1 (1.4)	2 (2.7)	17 (23)	42 (56)	12 (16.2)	74 (100)
PA of company poses a Constant Stress to employees	00 (00)	22 (29.7)	13 (17.6)	37 (50)	2 (2.7)	74 (100)
Training needs of employees are based on PA only	00 (00)	1 (1.4)	15 (20.3)	54 (73)	4 (5.4)	74 (100)
Employees are released if their Performance is not satisfactory	00 (00)	22 (29.7)	11 (14.9)	41 (55.4)	00 (00)	74 (100)

Note: S.A.=Strongly Agree, D.A.=Disagree, S.D.=Strongly Disagree

Employees feel that the performance appraisal system in the company is fair and well-communicated. They believe their superiors conduct appraisals properly, and the process is clear. However, many think the system lacks transparency and does not motivate them. It is not the main factor for promotions, salary increases, or training decisions. Most employees also feel that PA does not use enough digital tools and that it can sometimes be stressful. However, poor performance in PA does



not directly lead to job loss. Overall, while the system is well-structured, it needs to be more transparent and connected to career growth.

Confirming Performance Appraisal Practices in the Organization.

Table.1.8

Statement	Mean	Std. Deviation	Skewness	Kurtosis	Mean Rank
Superiors conduct a Fair P.A.	2.45	.665	-.515	-.334	12th
Objectives of the Appraisal are clearly communicated	4.09	.473	.306	1.400	3rd
Parameters of PA are communicated before conducting an Appraisal Process	3.92	.657	-3.489	14.745	7th
Performance Appraisal system of your company is rated high by employees	4.03	.405	.219	3.446	5th
PA System Motivates employees to Perform well.	3.91	.473	-1.104	4.288	8th
PA System of the Company is Transparent	4.18	.479	-.284	5.208	2nd
Company uses digital tools / software for PA	4.05	.402	.451	3.347	4th
Promotion is based on PA only	4.24	.518	.264	-.198	1st
Increments are based on employees' PA	3.99	.652	-1.820	7.193	6th
PA of company poses a Constant Stress to employees	3.84	.777	-.788	1.690	9th
Training needs of employees are based on PA only	3.26	.922	-.325	-1.388	11th
Employees are released if their Performance is not satisfactory	3.82	.533	-.715	1.618	10th

The table confirms various aspects of the performance appraisal (PA) system in the organization. Promotions are primarily based on PA, ranking highest, indicating its strong influence on career growth. Transparency in the PA system and clear communication of appraisal objectives are also rated highly, showing that employees largely understand the process. The use of digital tools for PA is acknowledged, which supports efficiency. However, fairness in PA

conducted by superiors ranks the lowest, suggesting concerns about bias or inconsistency. Additionally, PA-related stress among employees and the limited link between PA and training needs indicate areas for improvement. Strengthening fairness, reducing stress, and aligning PA with employee development could enhance the system's effectiveness.

Cross Tabulation

Gender Department Crosstabulation

	Department	Total
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	.00	HR	Finance	Marketing	IT	Others	
Gender Male	1	10	9	8	7	24	59
Gender Female	0	4	4	4	1	2	15
Total	1	14	13	12	8	26	74

Chi-Square Tests

	Value	df	Asymp. Sig. (2sided)
Pearson Chi-Square	5.849 ^a	5	.321
Likelihood Ratio	6.404	5	.269
Linear-by-Linear Association	3.433	1	.064
N of Valid Cases	74		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .20.

The chi-square test results indicate whether there is a significant relationship between gender and department distribution. The Pearson Chi-Square value is 5.849 with a p-value (Asymp. Sig.) of 0.321, which is greater than the standard significance level of 0.05. This suggests that there is no statistically significant association between gender and department placement. Similarly, the likelihood ratio (6.404, $p=0.269$) and the linear-by-linear association (3.433, $p=0.064$) further support the lack of a significant relationship. Additionally, 50% of the expected counts are less than 5, which could affect the test's reliability. Overall, gender does not appear to have a significant impact on department distribution in this dataset.

Department Experience Crosstabulation

		Experience					Total
		<1	1-3	3-7	7-15	>15	
Department	.00	0	0	0	1	0	1
	HR	3	7	1	2	1	14
	Finance	2	5	5	1	0	13
	Marketing IT	3	4	3	2	0	12
	Others	1	6	0	1	0	8
		2	7	8	8	1	26



Total	11	29	17	15	2	74
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Chi-Square Tests

	Value	df	Asymp. Sig. (2sided)
Pearson Chi-Square	20.703 ^a	20	.415
Likelihood Ratio	22.363	20	.321
Linear-by-Linear Association	2.084	1	.149
N of Valid Cases	74		

a. 5 cells (50.0%) have expected counts less than 5. The minimum expected count is .41.

Chi-square test examines the relationship between gender and experience level. The Pearson Chi-Square value is 12.988 with a p-value of 0.011, which is less than 0.05. This indicates a significant association between gender and experience level, meaning that gender may have an impact on the distribution of experience levels in this dataset. However, 50% of the expected counts are less than 5, which may affect the reliability of the test. Overall, the results suggest that gender and experience level are not independent of each other.

Findings:

Following are the findings from the present study:

1. Placements are highest in the "Others" category (36%), with HR (19%) and Finance (18%) following, while IT has the lowest representation (11%).
2. The gender ratio shows a significant female majority, with 80%.
3. The marital status distribution shows 53% unmarried, 46%.
4. The experienced distribution shows 39% with less than 4 years' experience.
5. The data shows that 97% of organizations conduct performance appraisals.
6. The data shows that 97% of organizations conduct performance appraisals.
7. The performance appraisal system is fair and clear but needs more transparency, motivation, digital integration, and a stronger link to career growth.
8. The table highlights that promotions are strongly tied to PA, but fairness, stress, and alignment with training needs require improvement for a more effective system.
9. The chi-square test shows no statistically

significant relationship between gender and department distribution in the dataset.

10. The chi-square test indicates no significant relationship between experience level and department placement.

11. The chi-square test shows a significant association between gender and experience level.

Conclusion:

The study on employee performance appraisal at Textile Mill highlights the importance of a structured evaluation system in enhancing employee

motivation, job satisfaction, and overall performance. The findings indicate that while the company's appraisal system is fair and well-communicated, it lacks transparency and digital integration, making it less effective in motivating employees.

Most employees acknowledge that performance appraisals play a crucial role in career growth, but they believe the system should be more aligned with training, promotions, and salary increments. Additionally, performance appraisals can sometimes create stress, which needs to be managed carefully to maintain a positive work environment.

The statistical analysis reveals that there is no significant relationship between department placement and factors like gender or experience level, suggesting that the company provides equal opportunities across various roles. However, a significant link was found between gender and experience level, indicating a possible pattern in career progression.

Overall, the study concludes that while the performance appraisal system at Textile Mill has a strong foundation, improvements in



ansparency, motivation strategies, and digital tools can make it more effective in driving employee development and organizational success.

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