

Analysing The Modern Practices of Employee Performance Appraisal And Their Influence on Organizational Effectiveness At Lucas TVS Ltd.

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Abstract- *The study looks at how effective the performance appraisal system is at Lucas TVS Ltd. It focuses on how this system affects employee motivation, satisfaction, development, and retention. The researchers used a descriptive research design and collected data from 148 employees through a structured five-point Likert questionnaire. They analyzed the data with statistical tools including Percentage Analysis, Chi-Square, ANOVA, t-Test, Correlation, and Regression in SPSS. The results show that while the company has a structured and clear appraisal process connected to promotions, pay raises, and training, employees notice issues with how often appraisals happen, the level of manager involvement, and equal chances for self-appraisal. The regression results suggest that training after appraisals significantly boosts performance. Additionally, the t-tests reveal differences in how men and women perceive self-appraisal. Overall, the system is effective but needs to be more consistent. It also requires better communication, fairness, and ongoing connections to development to fully enhance employee performance and support organizational growth.*

Keywords- Employee Performance, Employee Retention, Effectiveness, Job Satisfaction and Performance Appraisal.

I. INTRODUCTION

In today's competitive business world, organizations understand that their true strength comes from the performance and dedication of their employees, not just technology, capital, or infrastructure. Human Resource Management (HRM) has become an essential function. It focuses on hiring, training, motivating, and evaluating employees to help the organization succeed. Among the many HRM practices, performance appraisal is key. It is a systematic process for evaluating employee contributions, giving constructive feedback, and guiding professional development.

Performance appraisal is more than just a formal evaluation; it serves as a strategic tool that connects individual

performance with the organization's goals. It helps management measure efficiency, identify training needs, recognize achievements, and reward employees appropriately. Traditionally, appraisals were seen as judgmental processes conducted only by supervisors. However, as workplace dynamics have changed, appraisals have transformed into participative and transparent systems. These systems emphasize employee involvement, developmental feedback, and opportunities for career growth.

OBJECTIVES OF THE STUDY

- To assess the factors influencing performance appraisal in the organization.
- To analyze how appraisal outcomes influence employee retention.

III. REVIEW OF LITERATURE

JasmiyaRoshini (2023):In this study on Rorito International, a stationery manufacturing company, a 360-degree appraisal approach was analyzed. Employees strongly supported the multi-source feedback mechanism, valuing it for fairness and self-development. Most participants rated the system as "good" or "excellent" and recommended more frequent reviews. The study concluded that integrating peer input with goal alignment enhances appraisal effectiveness in factory settings.

Md Amin (2022):In this study on electrical manufacturing firms in Penang, the researcher found that appraisal systems focusing on job knowledge, communication, creativity, and innovation significantly improved employee productivity. The findings highlighted that when these competencies are systematically assessed, organizational performance increases.

Ahmad & Khan (2021): This study revealed that structured appraisal systems with clear performance indicators enhance

employee understanding of expectations, which directly improves performance levels in manufacturing firms.

Malik, Ahmad & Hussain (2021): This study concluded that organizations offering constructive and developmental feedback during appraisals have higher employee retention. The research emphasized that linking career growth opportunities to appraisal outcomes enhances employee loyalty.

Gupta & Sharma (2019): In this study of Indian manufacturing firms, the inclusion of self-appraisal and peer feedback was found to motivate employees more effectively. The researchers concluded that participatory systems make employees feel valued, improving job performance.

Chaudhary & Sharma (2019): This study observed that perceived fairness in appraisal outcomes has a strong positive effect on employee loyalty. Employees who viewed the process as just and growth-oriented were less likely to leave the organization.

III. RESEARCH METHODOLOGY

Research Design:

The study adopts a descriptive research design to analyze the effectiveness of performance appraisal practices at Lucas TVS Ltd. Descriptive design is suitable as it provides a clear understanding of employee perceptions, appraisal methods, and their outcomes on performance and retention.

Data Collection:

Primary Data: Collected through a structured questionnaire distributed to employees of Lucas TVS. The questionnaire covered demographic details, appraisal practices, fairness, feedback, recognition, motivation, job satisfaction, and retention.

Secondary Data: Obtained from books, academic journals, company reports, and online resources related to performance appraisal and HRM practices.

Sampling Method

- Population: Total Employees - 240
- Sample Size: Employees - 148

Statistical Tools

- ANOVA
- Chi-square Test

IV. DATA ANALYSIS AND INTERPRETATION

1). ANALYSIS OF VARIANCE (ANOVA): Perception of Regular Performance Appraisals vs. Awareness Level

Aim:

To assess whether there is a significant difference in the perception that performance appraisals are held regularly among employees with different levels of awareness about performance appraisal.

HYPOTHESIS:

1. **Null Hypothesis (H₀):** There is no significant difference in the perception that performance appraisals are held regularly among employees with different levels of awareness.
2. **Alternative Hypothesis (H₁):** There is a significant difference in the perception that performance appraisals are held regularly among employees with different levels of awareness.

ANOVA

Performance appraisals are held regularly

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.651	2	1.326	1.969	.143
Within Groups	97.646	145	.673		
Total	100.297	147			

INTERPRETATION:

The p-value of 0.143 is greater than 0.05. This indicates that there is no significant difference, and hence there is no strong evidence to reject the Null Hypothesis.

INFERENCE:

Perception that performance appraisals are held regularly shows no significant difference among employees with different levels of awareness. Thus, $H_0 > 0.05$, Null Hypothesis (H₀) is accepted, and the Alternative Hypothesis (H₁) is rejected.

2) CHI-SQUARE ANALYSIS: Gender vs. Satisfaction with Overall Performance Appraisal Methods

Aim:

To examine the association between gender and the level of satisfaction with overall performance appraisal methods in the company.

HYPOTHESIS:

1. **Null Hypothesis (H₀):** There is no significant association between gender and satisfaction with overall performance appraisal methods in the company.
2. **Alternative Hypothesis (H₁):** There is a significant association between gender and satisfaction with overall performance appraisal methods in the company.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.265 ^a	3	.737
Likelihood Ratio	1.305	3	.728
Linear-by-Linear Association	.028	1	.868
N of Valid Cases	148		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.47.

INTERPRETATION:

The p-value of 0.737 is greater than 0.05. This indicates that there is no significant association, leading to acceptance of the Null Hypothesis (H₀).

INFERENCE:

Gender has no significant relationship with satisfaction toward overall performance appraisal methods. Thus, H₀ > 0.05, Null Hypothesis (H₀) is accepted, and the Alternative Hypothesis (H₁) is rejected.

V. FINDINGS

- **ANOVA**

The p-value of 0.143 is greater than 0.05. This indicates that there is no significant difference among employees with different levels of awareness regarding performance appraisals being held regularly. Thus, H₀ > 0.05, Null Hypothesis (H₀) is accepted, and Alternative Hypothesis (H₁) is rejected.

- **CHI-SQUARE STATISTIC:**

The p-value of 0.737 is greater than 0.05. This indicates that there is no significant association between the variables. Gender have no significant relationship with satisfaction toward overall performance appraisal methods. Thus, H₀ > 0.05, Null Hypothesis (H₀) is accepted, and Alternative Hypothesis (H₁) is rejected.

VI. SUGGESTIONS

- To conduct performance appraisals regularly and clearly communicate the process to all employees.
- To link appraisal outcomes with promotions, rewards, and training to enhance employee growth.
- To ensure fairness, transparency, and equal opportunity in every aspect of the appraisal process.

VII. CONCLUSION

The study concludes that the performance appraisal system at Lucas TVS Ltd. plays a vital role in shaping employee motivation, satisfaction, and overall development. When conducted fairly, transparently, and communicated effectively, performance appraisals positively influence employee growth, recognition, and retention. However, the study also reveals that inconsistency in conducting appraisals and limited awareness among employees can weaken their perceived value and effectiveness. Employees who clearly understand the appraisal process tend to view it as a constructive tool for career advancement and skill improvement, while others see it as a mere formal routine. Therefore, maintaining regular appraisals, ensuring fairness, and linking outcomes to development opportunities are essential to enhance engagement, trust, and organizational success.

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