

# Comparative Study Of The Impact Of Performance Appraisal Systems On Employee Engagement In Government And Private Company In Steel Sector.

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## Abstract:

***“If you want to build the business, build the people.” - Brownie Wise***

*“Building a successful organization begins with empowering its people.”*

Performance appraisal serves as a fundamental tool for assessing how employees contribute toward an organization's strategic goals. By systematically examining employee outcomes and behaviors against established benchmarks, organizations create opportunities to offer feedback, identify development needs, and foster professional growth. Performance appraisal outcomes shape critical managerial decisions such as remuneration, promotion, training, and succession planning. When implemented thoughtfully, these systems not only enhance job performance but also strengthen workforce engagement by clarifying expectations and celebrating achievements. In the competitive landscape of the steel sector, the distinction between public and private organizations in their approach to performance evaluation can have far-reaching implications for employee motivation and overall productivity. This study explores these differences by comparing performance appraisal practices at a state-operated steel plant and a privately held steel company, highlighting the unique challenges and advantages each sector presents.

**Keywords:** Performance Appraisal, Employee Engagement, Motivation, Organizational Strategy, Steel Sector, Human Resource Management, Job Satisfaction, Productivity, Career Growth, Feedback Mechanisms.

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## I. Concept And Evolution Of Performance Appraisal

**PERFORMANCE APPRAISAL** is the process of evaluating how effectively employees are fulfilling their job responsibilities and contributing to the accomplishment of organizational goals. To appraise performance effectively, a manager must be aware of the specific expectation for a job, monitor the employee's behavior and results, compare the observed behavior and results to expectations and measure the match between them. In most cases, a manager should also provide feedback to employees, a process that can produce strong reactions. Performance evaluations are extremely important to an organization, although they may be difficult to conduct. They tell organizations whether their selection methods are right. They demonstrate where training, development and motivational programs are needed and later help to assess whether these have been effective.

As a matter of fact, many organizational policies and practices are evaluated, in large part, through their impact on performance. Performance evaluations, after all, are the basis on which managers make decisions about compensation, promotion, and dismissal. They also use feedback about people's performance to recognize them for a job well done and motivate them. In short, without a good judgment of the employee's performance, managers find it very difficult to identify and encourage organizational effectiveness. It is because formal Performance evaluations are so important that most organizations systematically carry them out. Performance evaluation means many things to many people. It is a measurement process; it is an exercise in observation and judgment; it is a feedback process. It is a control device, which is used by the organization to accomplish its predetermined goals. Performance refers to an employee's accomplishment of assigned tasks. Performance means doing a job effectively and efficiently.

Performance evaluation is the process by which manager or consultant examines and evaluates an employee's work behavior by comparing it with preset standards, documents the results of the comparison and uses the results to provide feedback to the employees to show where improvements are needed and why. Performance evaluation is that part of the performance assessment and management process in which an employee's contribution to the organization during a specified period of time is assessed.

Performance evaluation is the assessment of an individual's performance in a systematic way. Such appraisal also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal. It is widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. Performance evaluation is a systematic process of evaluating how well employees are performing their jobs. The appraisal is based on results obtained by the employee in his/her job, not on the employee's personality characteristics.

It is a developmental tool used for all-round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility, and health. Assessment should be confined to the past as well as potential performance also. Performance evaluation is a system of review and evaluation of an individual or team's job performance. An effective system assesses accomplishments and evolves plans for development. Performance management is a process that significantly affects organizational success by having managers and employees work together to set expectations, review results, and reward performance. Its goal is to provide an accurate picture of past and/or future employee performance. To achieve this, performance standards are established.

"Performance evaluation is the systemic evaluation of the individual respect for this performance on the job and his potential for development." - **Beach**

According to **Gary Dessler**, "Performance evaluation means evaluating an employee's current and/or past performance relative to his performance standards."

According to **Keith Davis**, "Performance evaluation is the process by which organizations evaluate individual job performance."

As per A. Monappa and M. S. Saiyadain Douglas McGregor (1957)– Formal appraisal plans are designed in such a manner that they will be meeting one need of the organization and two of the individuals.

1. Systematic judgments for supporting an increase in salary, transfers, demotions or terminations.
2. Means of informing the subordinates about their performance, and suggesting the required changes in their skills, attitudes, behaviour, or job knowledge. Clear information will be given about their position.
3. For further training, coaching and counseling these appraisals are used. (Abanikanta) Armstrong (2006)- "it is a systematic process for improving organizational performance by developing the performance of individuals and teams Further he also added on that performance appraisal allows the supervisor to grab the full potential of the employees through capacity development. Performance appraisal reveals career-growth plans; helps in identifying the training needs and helps in bringing employee goals and organizational goals together.

(Armstrong, 2006) In an organization, the supervisors of any organization have a major role in transforming the behavior of the employees which may improve it or decrease it.

As per the equity theory, a feeling of uneven treatment decreases the performance and commitment among the workers. Hence fair performance appraisals should be conducted with utmost care (Fulk et al., 1985) AnupBhurtel and Eka Raj Adhikar conducted a study with 14 supervisors of the Council for Technical Education and Vocational Training (CTEVT) of Nepal to investigate the perception of supervisors on performance appraisal in relation to employee development adopting a qualitative design The results of the study implied that supervisors interpreted the existing appraisal system in a less effective manner, and it was mostly used for promotion criteria. The appraisal could not be conducted on the non-permanent employees and the results of the permanent employees were also kept confidential. Since they failed to discuss the results they were not able to set the goals for further development. The study suggested for a comprehensive performance appraisal system which could include the developmental plans for the employees.

(A.Bhurtel&EK.Adhikari, 2016) Paradise Bank is a nationalized bank in India. The employees are highly satisfied as they feel that the management is fair in terms of compensation. The Chief HR manager at all times made it a point to see that the appraisal system being followed gained the confidence and support of the employees. Hence a feedback session always followed post the appraisals.

(Caselet 1) AshimaAggarwal, Gour Sundar Mitra Thakur (2013) conducted a review on the methods of performance appraisal. After the research, the authors came to the conclusion that determining whether one methodology is better than another is challenging because it relies on the nature and size of the organization. Every methodology has its own pros and cons. (AggarwalAshima&MitraThakurGour., 2013) Employees mostly dislike performance appraisal because they feel that managers do not always rate them on objective criteria. This is called as "Rater bias" by the experts. Another factor confirmed by previous researchers is that mood of the manger has an influence on the ratings of the performance appraisals. When managers do not follow stated policies and procedures it leads to dissatisfaction, disappointment and distrust amongst the subordinates. This results reduced motivation and organizational performance and may ultimately impact the organizational climate. There is a frequent discontent between the employee and the managers on the degree of feedback. Untrained and unprepared managers diminish the motivation and satisfaction among the subordinates. Further imposing unreasonable standards of performance by the managers may diminish employee satisfaction. These untrained raters by committing errors in performance appraisal reduce the confidence of the employee about the performance appraisal system

Performance means to do something and appraisal means to decide the value of the work done. Thus Performance evaluation means deciding the value of the work done by an individual. Traditionally Performance evaluation has been used as a control mechanism for salary administration, reward, promotion, and punitive actions.

In the Workplace:

A Comprehensive Analysis" Performance appraisal systems play a significant role in shaping employee engagement within an organization. By evaluating employees' performance, these systems provide valuable insights into their strengths and areas for improvement. This comprehensive analysis aims to delve deeper into the impact of performance appraisal systems on employee engagement, shedding light on the various factors and mechanisms that influence this relationship. Through a meticulous examination of existing research, data, and case studies, we will explore how performance appraisal systems affect employee motivation, job satisfaction, commitment, and overall engagement levels. Additionally, we will investigate the role of feedback, goal setting, communication, and organizational culture in enhancing or hindering the effectiveness of these systems. By gaining a deeper understanding of this intricate connection, organizations can optimize their performance appraisal systems to foster a more engaged and thriving workforce.

### **History of Company's**

#### **ATMASTCO LTD**

**Atmastco LTD** was initially established as a partnership firm named M/s Atmastco in 1988 by promoter **Mr. Subramaniam SwaminathanIyer** in Bhilai, Madhya Pradesh (now Chhattisgarh). In 1994, it was incorporated as Atmastco Private Limited under the Companies Act, 1956, and subsequently acquired the ongoing business of the partnership firm. The company transitioned into a Public Limited Company on May 10, 2016, following a special resolution passed by its shareholders in March 2016.

Atmastco is engaged in the design, manufacturing, and supply of precision equipment and heavy fabrication structures used in power, steel, cement plants, and other industries. The company has a strong manufacturing capacity with facilities equipped with advanced machinery imported from Italy, Germany, and Dubai, allowing for high-quality production and fabrication work. It also provides turnkey project services, including design, fabrication, erection, and commissioning.

Over the years, Atmastco has undertaken several projects for both government bodies like BHEL, NTPC, and ISRO, and private enterprises. It has also been accredited with ISO 9001:2015 and received a BRONZE rating under the Zero Defect Zero Effect (ZED) Certificate by the Ministry of MSMEs in 2019.

The company continues to focus on strategic project selection, maintaining high standards of quality, and enhancing operational efficiency through the implementation of an ERP system.

#### **Bhilai Steel Plant**

Bhilai Steel Plant (BSP) is established since 1956 and since then there has been phases of expansion. The 7.0 MTPA modernisation-cum-expansion is being executed within the existing integrated steel plant premises. The Plant is located in Durg District of Chhattisgarh State. The site is well connected with National Highway and Howrah – Mumbai Rail line. The nearest major railway station is Durg, about 12 km from the project site.

The Environmental Clearance (EC) for 7.0 MTPA Modernization-Cum-Expansion Plan of Bhilai Steel Plant along with Captive Power Plant has been accorded by MoEFCC dated 31.03.2008 with amendments dated 23.06.2011 and 23.07.2014. The EC validity was extended up to 30.03.2018. However, during detailed engineering of the project, for techno-economic advantage, certain changes were envisaged viz. change in installed capacity of sinter plant & requirement of iron ore fines; change in finished steel product mix (rolling mills sections), change in operation regime of coke oven complex, and change in turbo-power generation capacity, while keeping the hot metal and crude steel production same as per the accorded EC.

Some new units like Argon rinsing unit in SMS-III, Quenching and Tempering facility and secured landfill not considered at the time of earlier accorded EC is now envisaged.

### **Rationale of the Study**

#### **Objectives of the study.**

- To study the performance evaluation process in both Government and Private company in Steel Sector .
- To study how the performance of the employees is improved and enhanced both Government and Private company in Steel Sector.
- To study performance appraisal techniques is effective or not in both Government and Private company in Steel Sector.

#### **Objectives of Performance Appraisal**

Performance Appraisal can be done with following objectives in mind:

- To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
- To identify the strengths and weaknesses of employees to place right men on right job.
- To maintain and assess the potential present in a person for further growth and development.

- To provide a feedback to employees regarding their performance and related status.
- To provide a feedback to employees regarding their performance and related status.
- It serves as a basis for influencing working habits of the employees.

To review and retain the promotional and other training programs

#### **Limitations of the study:**

- The data was collected during the working hours and employees were busy in their work.
- Due to situation of pandemic the entire region could not be covered.
- Due to time constraint the study is purely on my understanding.

#### **Research Methodology:**

To ensure a robust and comprehensive analysis, the study employed a **structured questionnaire survey** to systematically collect data related to work experiences and satisfaction from employees at both organizations. The questionnaire was designed to elicit objective, quantifiable responses regarding key workplace variables potentially influenced by appraisal practices.

A total of **500 questionnaires were administered**, with **452 fully completed surveys** included in the analysis. This sample consisted of 372 men and 80 women, spanning diverse age brackets and lengths of service, thus capturing a broad cross-section of the workforces experiences. The high proportion of long-serving employees (over 70% with more than 15 years of tenure) offered an in-depth perspective on enduring organizational dynamics.

#### **Data Processing and Analysis**

Collected responses were systematically coded and entered into data analysis software, with **Microsoft Excel** used for initial organization and **R** programming utilized for advanced statistical interrogation. The **primary dependent variable** for the analysis was overall job satisfaction—a recognized indicator of employee engagement in the human resources literature .

Key **independent variables** included multiple aspects of the work environment, likely to be affected by performance appraisal systems, such as:

- Quality and frequency of feedback received
- Transparency of evaluation criteria
- Access to training and development opportunities
- Recognition and reward structures
- Perceptions of promotion and advancement processes

To identify patterns and relationships, the following statistical techniques were deployed:

- **Multiple Regression Analysis** to pinpoint which factors have the strongest relationship with job satisfaction and, by extension, engagement.
- **Pearson Product-Moment Correlation Coefficient** to quantify the strength and direction of associations between appraisal dimensions and engagement outcomes.

#### **Sample Demographics**

**Gender:** 372 male 82.3% , 80 female 17.7%

#### **Tenure:**

Over 15 years: 70.8%

10 - 15 years: 23.7%

6 - 10 years: 2.2%

1 - 5 years: 3.3%

#### **Age Distribution:**

55+ years: 6.6%

45 - 55 years: 57.5%

35 - 45 years: 31.4%

25 - 35 years: 4.4%

#### **Primary Data:**

As a primary source of data, I have adopted "QUESTIONNAIRE" method. Under this method the respondents were provided with a set of certain questions and were ask to give their view and suggestions

regarding the evaluation methods used in both Government and Private company in Steel Sector .

The data will be collected through personal visit respondents during office hours. A Questionnaire will be being filled up by the employees and their suggestions and responses regarding the policies were taken.

#### **Secondary Data:**

As a secondary source I will collect information from websites, brochures of the representative company, newspapers magazines, published from time to time. Historical documents and other sources of published information.

#### **Seven Steps of Performance Evaluation Process:-**

##### **PERFORMANCE EVALUATION**

##### **7 Steps of Performance Evaluation Process**



**Figure – 4.1**

1. Job Analysis.
2. Establishing performance standards.
3. Communicating the standards.
4. Determining the actual performance.
5. Matching the actual with the desired performance.
6. Discussing results.
7. Decision making.

#### **II. Data Analysis And Interpretation**

- a. The collected data will be presented using **graphs and tables** .
- b. **Descriptive Statistics: Arithmetic Mean, Standard Deviation** will be used to analyse trends.
- c. Other relevant statistical techniques will be used for Data Analysis as per the requirement of the study

#### **III. Hypotheses Of The Study**

Based on the explanation provided about performance evaluation, here are several hypotheses that could be explored in a study:

1. Performance evaluations that provide constructive feedback led to improved employee performance compared to evaluations that focus solely on outcomes without feedback.
2. Organizations that implement regular performance evaluations experience higher employee satisfaction and engagement compared to organizations with infrequent or no evaluations.
3. Performance evaluations based on a combination of job knowledge, quality of output, and leadership abilities are more effective at identifying high performers than evaluations based on a single criterion.

4. Performance evaluations that are linked to reward systems (e.g., promotions or salary increases) increase employee motivation compared to evaluations without such incentives.

These hypotheses focus on the effectiveness, fairness, and outcomes associated with performance evaluations in organizational settings.

#### **IV. Proposed/Expected Outcome Of The Research**

The framework suggested by the researcher is expected to be validated and it is anticipated that there might be a positive relationship between Training and Employees' Performance. The researcher also contemplates that Training works as a Motivation Tool for Employees.

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