
**A STUDY ON PERFORMANCE APPRAISAL SYSTEM IN
ORGANIZATION WITH SPECIAL REFERENCE TO FIRST STEP
BABY WEAR PVT LTD AT HOSUR**

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ABSTRACT

This study analyzes the performance appraisal system in an organization with special reference to First Step Baby Wear Private Limited, Unit 5, Hosur. Performance appraisal is a systematic process used to evaluate employee performance, identify strengths and weaknesses, and improve productivity. In today's competitive environment, effective human resource management is essential, and appraisal systems play a key role in achieving organizational goals. The study aims to examine the existing appraisal system and evaluate its effectiveness in enhancing employee performance and productivity, while also understanding employee perceptions regarding fairness, transparency, feedback, and reward linkage. The research is conducted in a manufacturing setup where performance directly impacts quality and efficiency, especially in baby wear production requiring precision and consistency. Data is analyzed using statistical tools like percentage analysis, mean score, and charts to interpret employee responses. Based on the findings, suggestions such as improving transparency, providing regular feedback, adopting modern methods, and linking performance with rewards are recommended. Overall, an effective appraisal system supports employee development, motivation, and organizational success.

KEYWORD: Performance Appraisal, Employee Performance, Organizational Productivity, Human Resource Management, Fairness, Transparency, Feedback, Manufacturing Industry, Statistical Analysis, and Employee Motivation.

1. INTRODUCTION

Performance appraisal is a systematic, formal, and continuous process through which organizations evaluate the performance, productivity, and overall contribution of employees. It is one of the most important functions of human resource management, as it directly influences organizational effectiveness and employee development. Performance appraisal serves as a key mechanism to assess individual performance, provide feedback, and improve overall organizational productivity.

In the present era of globalization and industrial competition, organizations are increasingly focusing on optimizing human resources as a strategic asset. Therefore, it becomes essential for organizations to continuously monitor, evaluate, and enhance employee performance. Performance appraisal provides a structured framework for achieving this objective by establishing performance standards, measuring actual performance, and implementing corrective actions where necessary.

2. REVIEW OF LITERATURE

Armstrong (2009): stated that performance appraisal is a structured process used to evaluate employee performance in an organization.

Dessler (2013): highlighted that transparency in appraisal systems is very important for employee satisfaction.

London and Smither (1995): explained that 360-degree feedback involves collecting feedback from multiple sources.

Aguinis (2011): emphasized that continuous feedback is essential in performance appraisal. Regular evaluation helps employees improve their skills.

Noe et al. (2017): found that training managers is crucial for effective appraisal. Skilled managers provide better feedback. Training reduces errors & it improves evaluation quality.

Robbins and Judge (2015): stated that employee participation improves appraisal effectiveness. Employees feel more engaged when involved.

Flippo (1984): emphasized that clear performance standards are necessary. Without standards, evaluation becomes subjective.

DeNisi and Pritchard (2006): found that fair appraisal reduces employee turnover. Employees feel valued when treated fairly.

Stone (2016): highlighted that digital systems improve appraisal efficiency. Technology reduces manual errors. It allows real-time performance tracking.

Drucker (1954) introduced Management by Objectives (MBO). It focuses on goal setting for performance improvement.

3. RESEARCH GAP

Performance appraisal has been widely studied in human resource management, with many models and frameworks developed over time. However, gaps still exist between theoretical concepts and their practical implementation in organizations. Another major gap is related to employee perception, as fewer studies focus on how employees view appraisal systems. If employees perceive the system as biased or unfair, it can lead to dissatisfaction, reduced motivation, and lower productivity.

Although extensive research exists, significant gaps remain, especially in manufacturing organizations. These gaps highlight the need for further study to understand practical challenges and improve appraisal effectiveness. The present study aims to address these issues by examining the performance appraisal system at First Step Baby Wear Private Limited, Unit 5, Hosur, and analyzing its impact on employee performance and organizational effectiveness.

4. OBJECTIVES OF THE STUDY

- To examine the fairness and transparency of performance evaluations conducted by management.
- To study the relationship between performance appraisal and employee motivation within the organization.
- To assess the impact of appraisal outcomes on rewards, promotions, and career growth of employees.

5. SAMPLING METHOD

- Sampling is a crucial part of the research methodology because it determines how representative the collected data will be of the entire population.

- In this study, the population consists of all employees working at First Step Baby Wear Private Limited, Unit 5, Hosur, including production workers, quality inspectors, administrative staff, and supervisors.
- The study adopts **non-probability sampling**, specifically the **convenience sampling method**, for several practical reasons. Convenience sampling involves selecting respondents who are readily available and willing to participate in the study.
- The **sample size** is determined based on the total number of employees in Unit 5. While it is a subset, care is taken to ensure representation from all key departments, different shifts, and experience levels.
- By using a combination of **departmental representation, hierarchical diversity, and availability-based selection**, the study aims to achieve a representative sample that reflects the experiences and perceptions of the workforce at First Step Baby Wear Private Limited.

6. DATA ANALYSIS AND INTERPRETATION

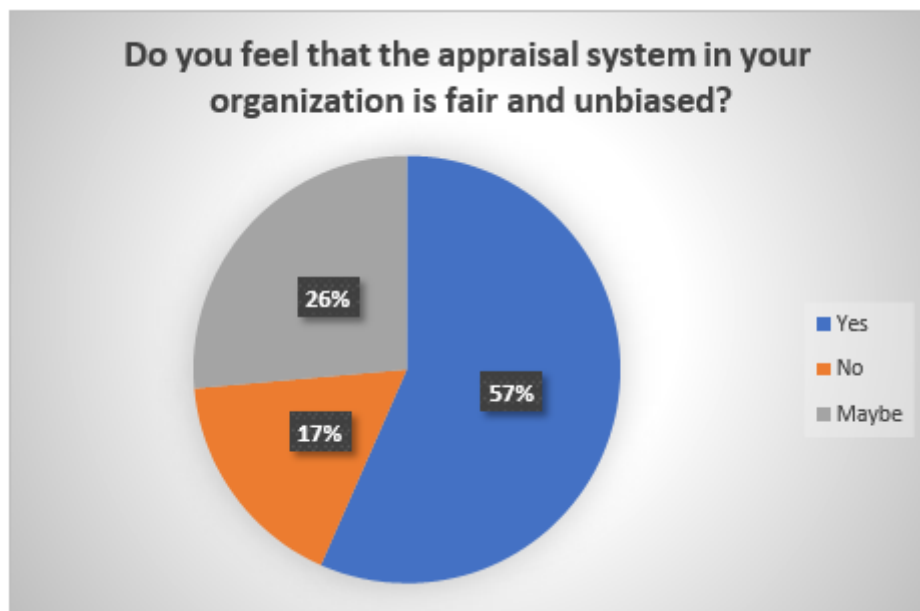


Fig 1: Majority employees are feels about the appraisal system is fair. (57%)

INTERPRETATION:

The data indicates that a majority of respondents (**56.6%**) believe that the appraisal system in their organization is fair and unbiased, reflecting a generally positive perception.

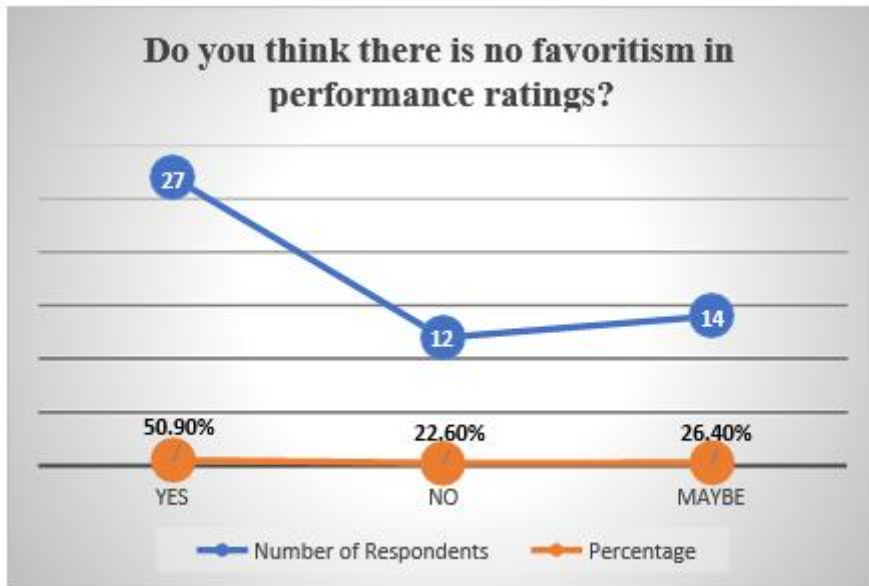


Fig 2: Majority Respondents are favourites for ratings in performance. (51%)

INTERPRETATION

A slight majority of respondents (50.9%) believe that there is no favouritism in performance ratings, indicating a moderate level of trust in the fairness of the evaluation system.

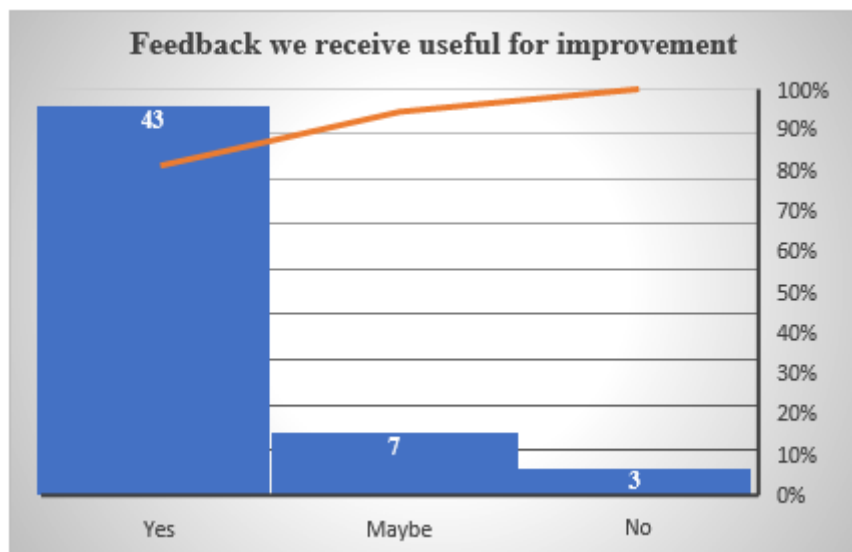


Fig 3 the majority of feedback we receive useful for improvement. (81%)

INTERPRETATION

A very high majority of respondents (81.1%) feel that the feedback they receive is useful for improvement, indicating an effective feedback system that supports employee development.

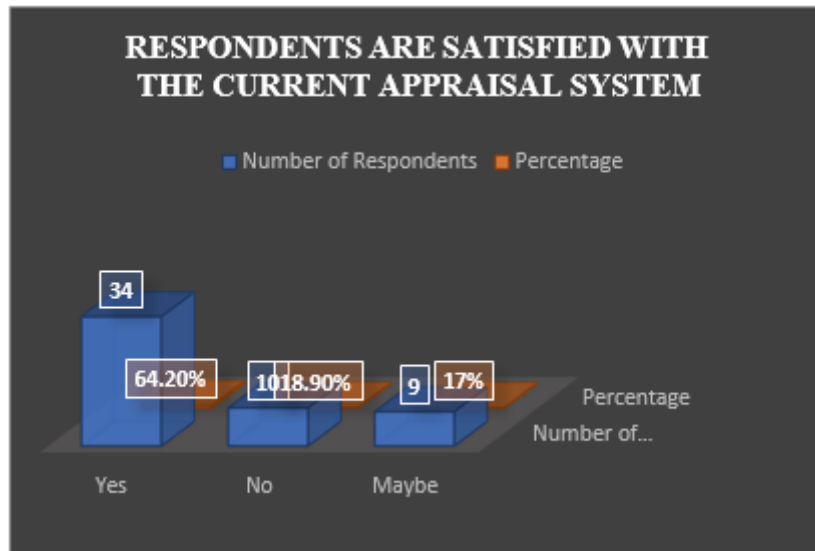


Fig 4 The majority Respondents are satisfied with the current appraisal system (64.2%)

INTERPRETATION

The data shows that a majority of respondents (64.2%) are satisfied with the current appraisal system, indicating that the organization's performance evaluation process is generally effective.

7. FINDINGS

- Majority employees are feels about the appraisal system is fair (57%)
- Majority Respondents are favourites for ratings in performance (51%)
- The majority of feedback we receive useful for improvement (81%)
- The majority Respondents are satisfied with the current appraisal system (64.2%)
- The high performance ratio has increased from 33% to 54%, reflecting a growing number of top-performing employees in the organization.
- The low performance ratio has decreased from 20% in 2020 to 9% in 2024, indicating a reduction in underperforming employees.
- The performance improvement ratio has increased from 40% to 61%, showing that more employees are improving their performance over time.
- The target achievement ratio has increased from 73% to 94%, indicating better goal accomplishment and higher productivity levels.
- The appraisal completion ratio has improved from 86% to 98%, showing that the organization is effectively completing performance evaluations.
- The feedback effectiveness ratio has increased from 71% to 91%, indicating higher

employee satisfaction with feedback mechanisms.

- The reward distribution ratio has increased from 29% to 57%, indicating better recognition and motivation practices.
- The bias/error ratio has decreased from 15% to 7%, showing improvement in fairness and reduction in appraisal errors.
- The consistency ratio has increased from 76% to 96%, indicating more uniform and reliable evaluation practices.
- The transparency ratio has increased from 67% to 93%, reflecting better communication and clarity in appraisal criteria.
- The training need ratio has decreased from 45% to 28%, which shows that employees are becoming more skilled and require less additional training.
- The promotion ratio has increased from 9% to 15%, reflecting improved career growth opportunities within the organization.

8. SUGGESTIONS

- The company should improve **continuous performance monitoring** instead of relying only on annual appraisals.
- More focus should be given to **employee training and skill development programs**.
- The organization should adopt **digital performance appraisal systems** for accuracy and efficiency.
- There should be **clear communication of appraisal criteria** to all employees.
- Management should ensure **fair and unbiased evaluation practices**.
- The company should strengthen its **feedback mechanism** to ensure constructive and timely feedback.
- It is recommended to implement **performance-based incentives and rewards** to motivate employees.
- The organization should conduct **regular performance reviews** to track employee progress.
- Management should focus on **reducing bias and increasing consistency** in appraisal ratings.
- The company should enhance **employee engagement and participation** in the appraisal process.

9. CONCLUSION

The study on performance appraisal at First Step Baby Wear Private Limited indicates a positive trend in employee performance, appraisal effectiveness, and management fairness over the years. The improvement in key ratios such as performance score, target achievement, and feedback effectiveness reflects the success of the organization's appraisal system.

However, there is still scope for further improvement in areas such as continuous feedback, training, and transparency. By adopting better appraisal practices and focusing on employee development, the organization can further enhance its performance management system. Overall, an effective appraisal system plays a vital role in improving employee productivity, motivation, and achieving organizational goals.

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