



A Study on Employee Performance Appraisal System at Maini Scaffold Systems Pvt. Ltd.

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Abstract

Performance appraisal influences the way a manufacturing company rewards effort, acknowledges effort and rewards effort, and plan for employee development. This study involves the appraisal system of Maini Scaffold Systems Pvt. Ltd., which is a manufacturing unit of SIDCUL in Rudrapur, Uttarakhand, in the industrial belt of SIDCUL. The aims were to assess the awareness and satisfaction of employees with the appraisal system, and whether appraisal satisfaction and perceived fairness were related to employee motivation. A descriptive design was adopted and the primary data were collected by a five-point Likert scale questionnaire on 80 employees which were analysed by percentage analysis and chi-square test. The two null hypotheses relating to satisfaction–motivation and fairness–satisfaction relationships were explored. Both null hypotheses were rejected as both the chi-square tests were significant, indicating moderate awareness, a small majority of satisfaction, and a definite perception gap in fairness and linkage to reward. The analysis relates these patterns to the reward transparency literature, and proposes moving away from the traditional episodic feedback system towards a continuous, criteria-based feedback system. Fairness, communication and career linkage are not being adequately achieved in the system. Redesign can make compliance a true incentive.

Keywords: performance appraisal, employee motivation, appraisal fairness, job satisfaction, manufacturing HRM

1. Introduction

Appraisal is one of the oldest and most controversial tools within the HRM field. In about 100 years of study, the focus has shifted from accuracy of the rating itself to employee experiences of being rated (DeNisi & Murphy, 2017). The change has implications for a small manufacturing company, where an annual rating by a supervisor could mean promotion on the shop floor, a training opportunity or an increment. Ratings are not in isolation. They negotiate a web of relationships, expectations, and unstated workplace politics, and it is the social context of which the rating scale is a part that determines whether an appraisal is trusted and believed (Levy & Williams, 2004). Maini Scaffold Systems Pvt. Ltd. is situated in a fast-developing industrial corridor of Rudrapur in Udham Singh Nagar district of Uttarakhand. The businesses here are forced to manage their staff's productivity in terms of time matters and product reliability, thereby exerting continuous pressure on it. Such environments are expected to place an appraisal system to serve two purposes: administrative and developmental. The two uses can be conflicting. A worker who wants to protect

themselves from a pay cut doesn't like to discuss shortcomings and a manager who has to make both the pay decision and the product decision tends to be more lenient when judging product.

This is because the impact of appraisal is dependent on the appraisal response of the worker. If they perceive the process as just and the feedback as helpful, they will be pleased, and that will lead to increased motivation and commitment; if they feel it is arbitrary, they will feel resentment, even though it is not clear to them (Kuvaas, 2006a).

There is also variation between Indian manufacturing units, in terms of the level of education achieved, supervisory relationships that are non-formal, and evaluation systems that are not always codified. The aim of this study is to investigate one such firm, to examine what the system is; but to examine also how the system is interpreted by the system's own members and to examine where the discrepancies between intention and experience actually lie.

2. Literature Review

The study of appraisal reactions has been steadily expanding since the reactions predict outcomes of interest to the firm. Finding that pay administration and pay level influence work performance and affective commitment, respectively, Kuvaas (2006b) established that pay mechanisms, not only pay ratings, influence behaviour. In another study, appraisal satisfaction was linked to commitment and reduced turnover intention, and intrinsic was found to be a mediator and a moderator (Kuvaas 2006a). The satisfaction with appraisal feedback was found to be positively associated with job satisfaction and organisational commitment, and negatively with turnover intentions, as reported by Jawahar, (2006); this relationship was strengthened with the direct effect of fairness perceptions on appraisal reactions as reported by Jawahar, (2007). A thread of fairness is woven through much of this work. Through his meta-analysis (Pichler, 2012), Pichler found that the quality of the rater–ratee relation has a strong influence on the answers that employees give, and thus represents a resource in the appraisal exchange. In line with this, Palaiologos, Papazekos and Panayotopoulou (2011) correlated appraisal satisfaction with individual justice dimensions. Even if the rating form is well developed, satisfaction is lost when the process is not transparent and does not appear fair to everyone involved. Multi-source assessment methods such as 360-degree feedback are accepted only when employees believe that they are accepted and not imposed, warns Waldman and Bowen (1998).

Indian evidence indicates in a united direction. Research by Manisha (2020) identified that the strategic HRM practices namely appraisal was associated with enhanced performance in Indian PSUs. Studies by Anbu Ranjith Kumar, Antony Joe Raja and Balasubramanian (2016) broadly reported high appraisal ratings with satisfaction by manufacturing employees and Paposu and Kumar (2015) demonstrated that performance management systems are increasing the satisfaction of faculty in Nagpur institutes. Appraisal and satisfaction were linked to loyalty in Mo (2023), while Hassan and co. (2022) have shown that the importance of appraisal to satisfaction is moderated by locus of control. The researchers Dhanabhakyaam and Febina (2023) in their study on private banks found that the effectiveness of Appraisal is directly proportional with the employees' morale. The body of literature indicates a recurring problem: Appraisal systems are often in place on paper but do less well in terms of fairness, communication, and career linkage; the latter three of which are explored in the present study at Maini Scaffold Systems.

3. Objectives

- To assess employee awareness of, and satisfaction with, the performance appraisal system at Maini Scaffold Systems Pvt. Ltd., Rudrapur.
- To examine whether appraisal satisfaction and perceived fairness are associated with employee motivation.

4. Hypotheses

H₀1: There is no significant association between employees' satisfaction with the appraisal system and their motivation.

H₀2: There is no significant association between perceived fairness of the appraisal system and appraisal satisfaction.

5. Methodology

The design of this study was descriptive in nature which aimed to profile perceptions within the one organisation. The study area was Maini Scaffold Systems Pvt. Ltd. in the industrial estate of SIDCUL, Rudrapur, Udham Singh Nagar district of Uttarakhand. Target population included permanent workers in production, quality, stores and administrative positions. The population of employees was sampled using simple random sampling to obtain a sample of 80 respondents, similar to that of other studies that examined appraisal in a single organization and sufficient for percentage and chi-square analysis. The structured questionnaire was used to gather primary data during the field visit in 2025. It consisted of two parts: demographic information (age, gender, experience, qualification) and perception information (awareness, satisfaction, fairness, reward linkage, motivational impact on a 5-point Likert scale from strongly agree to strongly disagree). The questionnaire was pre-tested with a small sample of employees and some minor changes to the wording were suggested to clarify the wording before the full administration. Secondary inputs were obtained from published literature from the journals to frame the variables. Responses were coded and tabulated in a spreadsheet. Two analytical techniques have been used. Demographic and perception variables were summarised with percentage analysis. The chi-square test of independence was used to test hypotheses dealing with association; a criterion of 5% significance was used. Ethical protocol was respected: participation was voluntary, responses remained anonymous and data was only used in aggregate. The main drawbacks were the size of the one firm, thus limiting generalisability, and the self-reported nature of perceptions, which can introduce response bias despite anonymity protection.

6. Results

Table 1: Demographic Profile of Respondents (n = 80)

Variable	Category	Respondents	Percentage
Age	Below 25	14	17.5%
	25–35	34	42.5%
	36–45	22	27.5%
	Above 45	10	12.5%
Gender	Male	66	82.5%

	Female	14	17.5%
Experience	Below 2 yrs	18	22.5%
	2–5 yrs	30	37.5%
	6–10 yrs	20	25.0%
	Above 10 yrs	12	15.0%
	Qualification	Up to Higher Sec.	20
	Diploma/ITI	28	35.0%
	Graduate	24	30.0%
	Post-graduate	8	10.0%

Source: Primary Data (Field Survey, 2025)

The workforce is relatively young with a concentration on the 25-35 age band (42.5%, see Table 1). The sample is mostly male (82.5%), as is typical of the manufacturing of scaffolding. Experience is roughly evenly distributed, with 62.5% of the workforce having 2 to 10 years of service, suggesting a relatively stable, but not older workforce. The largest qualification group is diploma and ITI (35%) that is appropriate for technical shop floor jobs. The perception data is reasonably representative across age, tenure and skill.

Table 2: Awareness of the Appraisal System (n = 80)

Level of Awareness	Respondents	Percentage
Fully aware	30	37.5%
Partially aware	34	42.5%
Not aware	16	20.0%

Source: Primary Data (Field Survey, 2025)

Table 2 shows a gap in communication. 37.5% of employees say that they are fully aware of how the appraisal system works, a larger number, 42.5% say they are partially aware, and a further 20% are unaware. When taken together, 62.5% don't have a full understanding of what they are being evaluated on and how. This lack of full understanding reduces the signalling value of this system of behaviour guidance and reward and indicates that appraisal norms are not communicated by structured briefing but rather informally.

Table 3: Satisfaction with Appraisal Method and Frequency (n = 80)

Satisfaction Level	Respondents	Percentage
Highly satisfied	12	15.0%
Satisfied	30	37.5%
Neutral	18	22.5%
Dissatisfied	14	17.5%
Highly dissatisfied	6	7.5%

Source: Primary Data (Field Survey, 2025)

Table 3 shows that a slight majority (52.5%) are satisfied with the way and how often they are being appraised, whereas 25% are not satisfied and 22.5% are neither satisfied nor not satisfied. The satisfaction margin is therefore tenuous,

and is dependent on the neutral block which has the potential to swing either direction. This is the same pattern as has been found with appraisal satisfaction in manufacturing, which is seldom at a strong positive level, and as it indicates method and timing of appraisal as a point for improvement for employees.

Table 4: Perceived Fairness and Transparency of Appraisal (n = 80)

Response	Respondents	Percentage
Strongly agree	10	12.5%
Agree	28	35.0%
Neutral	20	25.0%
Disagree	16	20.0%
Strongly disagree	6	7.5%

Source: Primary Data (Field Survey, 2025)

The fairness gap is more pronounced in Table 4. Just over half (47.5%) say that it is fair and transparent, 27.5% say not, and 25% are undecided. A large neutral and dissension percentage indicates uncertainty and lack of consistency and objectivity in rating. This split is the most sobering reading in the study, as it is widely documented that perceived fairness is a key determinant of appraisal acceptance, and is why satisfaction in Table 3 does not move higher even though the system is working.

Table 5: Linkage of Appraisal to Training, Promotion, and Rewards (n = 80)

Statement	Agree	Neutral	Disagree
Identifies training needs	46 (57.5%)	20 (25.0%)	14 (17.5%)
Linked to promotion	38 (47.5%)	22 (27.5%)	20 (25.0%)
Linked to rewards	34 (42.5%)	24 (30.0%)	22 (27.5%)

Source: Primary Data (Field Survey, 2025)

In Table 5, the linkage is not even. Staff are most willing to accept that appraisal helps to identify training needs (57.5% agree), then for promotion (47.5%) and then for rewards (42.5%) with over a quarter actively disagreeing on this last one. It is now better acknowledged that there is a developmental side to appraisal, rather than an administrative side. Because weak reward linkage is consequential, those employees who are not convinced that their ratings are tied to their pay are not likely to take the exercise seriously.

Table 6: Perceived Impact of Appraisal on Motivation and Performance (n = 80)

Statement	Agree	Neutral	Disagree
Appraisal improves motivation	50 (62.5%)	18 (22.5%)	12 (15.0%)
Appraisal improves performance	48 (60.0%)	20 (25.0%)	12 (15.0%)

Source: Primary Data (Field Survey, 2025)

The most positive reading is provided in Table 6. There is a clear majority on both that appraisal is beneficial in motivating them: 62.5%, in improving their performance: 60%. Only 15% disagree on each. Despite some doubts about fairness, workers report some motivational attributes for the process. The apparent tension, fair yet good

motivational effect, is consistent with similar studies in India (S & K, 2025) and an extensive literature review which suggests the motivational power of appraisal when used in a developmental way (Opoku, Osman, & Kyeraa, 2024).

Table 7: Hypothesis Testing Summary (Chi-square Test, $\alpha = 0.05$)

Hypothesis	Variables	χ^2	df	p-value	Decision
H ₀₁	Appraisal satisfaction × Motivation	18.64	4	0.001	Rejected
H ₀₂	Perceived fairness × Appraisal satisfaction	15.27	4	0.004	Rejected

Source: Primary Data (Field Survey, 2025)

Both chi-square tests are significant as per Table 7. For H₀₁: $\chi^2 = 18.64$ (df = 4, p = 0.001 < 0.05) the null is rejected, which means that satisfaction and motivation are significantly associated. Again, for H₀₂, $\chi^2 = 15.27$ (df = 4, p = 0.004 < 0.05), which further suggests a relationship between perceived fairness and satisfaction. These outcomes statistically support the descriptive pattern fairness and satisfaction are not side-effects but are structurally linked to employee motivation.

7. Discussion

The results paint a picture of a system that's somewhat successful. The tables read together, it is clear that employees believe that appraisal has genuine motivational power, while their levels of satisfaction are dampened by issues of fairness, reward linkage, and clarity of the process. Many of those who are not very familiar or not familiar with how the appraisal works (Table 2) could have a reason to harbor some of the scepticism about fairness in Table 4, but it may be because it is simply not transparent. Humans are skeptical of that which they cannot clearly see. The social and informational environment in which a rating is placed is more likely to influence employee responses than is the rating instrument itself (Levy & Williams, 2004). Even with the best intentions, a supervisor can't seem to be consistent when criteria are not written and feedback is informal.

The second is to determine if fairness and satisfaction are related to motivation and here the chi-square results are telling. The fairness deficit was significant in both associations (Table 7), indicating that it is not superficial. Sensibly limits the motivational returns the firm may be able to reap. This is consistent with research that indicates that appraisal justice promotes work engagement through the design of the appraisal (Micacchi, Vidé, Giacomelli, & Barbieri, 2024) and that appraisal justice influences job performance via multiple mechanisms (Lyu, Su, Qi, & Xiao, 2023). The weak reward linkage in Table 5 makes it worse: If less than half think that ratings have a 'linkage' to pay, then part of the behavioural effect is lost.

But there's a positive side. The relatively high level of recognition of the training needs created by appraisal (Table 5) and the motivational boost (Table 6) suggests that the developmental channel is already trusted. It will probably be easier to build on that strength than it will be to make fairness perceptions from scratch. The practice of transitioning from a "rate only" to a "feedback more often, more often" rating system could transform something that is good into something that is great, aligning to findings that there is a positive association between regular feedback and sustained motivation to perform (Giamos, Olivier, & Léger, 2023). In practice, the firm could benefit from three changes making the criteria explicit and communicating them, making ratings publicly linked to increments and conducting short

reviews every few years. None requires large investment. Each addresses a specific gap identified rather than a more generic prescription of "improve appraisal. It is a foundation rather than a structure complete and its joints are the weakest: transparency and reward credibility.

8. Conclusion

The appraisal system of Maini Scaffold Systems Pvt. Ltd. is in place, and it is a true motivational tool, but it falls short in terms of fairness, communication and linkage with rewards. For most, it is an incomplete awareness, and for many, a thin margin of satisfaction; while fewer than half think it's a fair process or reward-based, its most commonly reported benefit is that it improves their motivation and performance. According to statistics, satisfaction and fairness are well correlated with motivation. It's not a matter of creating new shapes for the rating form; it's about making criteria clearer, honestly tied to rewards, and providing frequent developmental feedback. These targeted changes would bring the company closer to making compliance a bit of a stickler to improve employee productivity.

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