

Effectiveness of Performance Appraisal in Influencing Employee & Organisational Commitment at Suba Solution Pvt Ltd.

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ABSTRACT

The purpose of this study is to evaluate the effectiveness of performance appraisal systems in influencing employee and organisational commitment at Suba Solution Pvt. Ltd. Performance appraisal plays a pivotal role in aligning individual performance with organisational goals, enhancing employee motivation, and fostering a culture of continuous improvement. This research explores the extent to which employees perceive the appraisal process as fair, transparent, and developmental, and how these perceptions influence their level of commitment to the organisation. The study employs a mixed-methods approach, utilizing structured questionnaires and interviews to gather data from employees across various departments. Key areas of focus include the impact of leadership styles, the role of feedback and communication, and the integration of reward management strategies with appraisal outcomes. The findings indicate a strong correlation between effective performance appraisals and increased levels of job satisfaction, engagement, and loyalty among employees. The research concludes that performance appraisals, when implemented transparently and consistently, significantly contribute to both employee and organisational commitment. Recommendations are proposed to enhance the existing appraisal framework to better support employee development and organisational success.

Keywords: Performance Appraisal, Employee Commitment, Employee Motivation, Job Satisfaction, Appraisal Effectiveness.

Introduction

In today's competitive business landscape, organizational success heavily depends on employee performance and commitment. Performance appraisals play a vital role in aligning individual goals with company objectives, while also fostering motivation, development, and strategic growth.

This study examines the effectiveness of performance appraisal systems at Suba Solutions Pvt Ltd, a leading firm in the carton packaging machinery industry. It explores how appraisals influence employee attitudes, engagement, and organizational loyalty. The research also considers perceptions of fairness, transparency, leadership styles, and reward strategies within the appraisal process.

By identifying strengths and gaps, the study aims to offer actionable insights to enhance performance appraisal systems and strengthen overall employee and organizational commitment.

Company Profile

Suba Solutions Private Limited is a leading manufacturer and exporter of advanced packaging machinery, established in 2004 and based in Perungalathur. With a client-centric approach and focus on innovation, Suba offers a wide range of solutions including laminating, die cutting, and foil stamping machines. Backed by a skilled team and strong leadership under Mr. Vaidyalingam, the company ensures high-quality, customized products while maintaining transparent and ethical business practices.

Literature Review

Ahmad, S., & Bujang, S. (2013) Issues and Challenges in the Practice of Performance Appraisal Activities in the 21st Century

The study highlights that transparent and fair performance appraisals positively influence employee satisfaction and foster organizational commitment. Employees who perceive appraisals as just and unbiased demonstrate greater loyalty and reduced turnover intentions. The study primarily focuses on general appraisal practices and lacks industry-specific insights, making it difficult to determine the effectiveness of appraisals in different organizational contexts.

Kuvaas, B. (2006) Performance Appraisal Satisfaction and Employee Outcomes: Mediating

This study reveals that employee satisfaction with performance appraisals significantly impacts their motivation, which, in turn, influences their organizational commitment. The fairness and frequency of appraisals play a vital role in fostering loyalty. The study does not explore how appraisal effectiveness varies based on different organizational cultures or leadership styles.

Objectives of the Study

- To examine the relationship between performance appraisal feedback and the effectiveness of the organization's reward system in motivating employee performance.
- To assess the impact of employee experience at Suba Solution Pvt Ltd on their intention to stay with the organization as influenced by the performance appraisal process

Research Methodology

Descriptive Statistics Research Design

This study adopts a Descriptive Statistics research design, integrating both quantitative and qualitative research approaches to gain a comprehensive understanding of the factors influencing employee retention and strategies to build high-performing work force at SUBA SOLUTION PVT LTD. By combining measurable data with in-depth insights, this approach ensures a well-rounded analysis of how retention strategies impact employee motivation, engagement, and long-term commitment.

Findings and Recommendation

- **Weak Correlation:** There's a very weak and statistically insignificant link between performance appraisal feedback and motivation from the reward system.
- **Limited Impact of Experience:** Employee experience at Suba Solution Pvt Ltd does not significantly influence their intention to stay based on appraisal outcomes.
- **Appraisal System Lacks Impact:** Current appraisal practices are not strongly driving motivation or organizational commitment.
- **Perception Gaps:** Employees perceive issues with fairness, transparency, and the connection between appraisals and rewards.

Correlation Analysis

		Motivation to perform better increases after receiving performance appraisal feedback.	The organization's reward system motivates me to consistently improve my performance
9. Motivation to perform better increases after receiving performance appraisal feedback.	Pearson Correlation	1	.044
	Sig. (2-tailed)		.662
	N	102	102
26. The organization's reward system motivates me to consistently improve my performance	Pearson Correlation	.044	1
	Sig. (2-tailed)	.662	
	N	102	102

Interpretation

The Pearson correlation coefficient between the two variables is 0.044, which indicates a very weak positive relationship. The p-value of 0.662 is well above the commonly used significance level of 0.05, suggesting that the relationship between motivation to perform better after receiving performance appraisal feedback and the organization's reward system is not statistically significant. This indicates that there is no strong or meaningful correlation between these two factors

Regression

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.469	1	1.469	2.230	.139 ^b
	Residual	63.225	96	.659		
	Total	64.694	97			
a. Dependent Variable: 11. The appraisal process encourages me to stay with my organization for a longer duration.						
b. Predictors: (Constant), 6. Experience at Suba Solution PVT LTD						

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	1.940	.183		10.621
	6. Experience at Suba Solution PVT LTD	.154	.103	.151	1.493
a. Dependent Variable: 11. The appraisal process encourages me to stay with my organization for a longer duration.					

Interpretation

The regression analysis shows that the length of employment at Suba Solution Pvt Ltd has a positive but not statistically significant impact on whether the appraisal process encourages employees to stay with the organization longer. The coefficient for length of employment is 0.166, suggesting a slight positive relationship, but the p-value of 0.110 indicates that this relationship is not statistically significant at the 0.05 level. This suggests that length of employment does not have a strong effect on employee retention based on appraisal outcomes.

Recommendation

- **Strengthen the Link Between Appraisals and Rewards:** Integrate performance appraisal outcomes more directly with reward mechanisms (bonuses, promotions, recognition) to reinforce motivation and performance improvement.
- **Improve Transparency and Fairness in the Appraisal Process:** Ensure that appraisal criteria, rating methods, and feedback mechanisms are **clear, consistent, and objective** to build trust and credibility among employees.
- **Provide Regular and Constructive Feedback:** Move beyond annual reviews by incorporating **frequent and structured feedback sessions** that support ongoing employee development and performance alignment.
- **Train Appraisers and Managers:** Provide training to managers on **how to conduct appraisals fairly, communicate feedback effectively**, and motivate employees through developmental discussions.
- **Use Appraisals as a Retention Tool:** Tailor appraisal discussions to include career growth opportunities, internal mobility, and individual development plans to encourage long-term commitment.
- **Monitor and Evaluate Appraisal Effectiveness:** Regularly review and assess the impact of appraisal systems through employee surveys, performance data, and retention metrics to ensure continual improvement.

Conclusion

The study highlights that performance appraisals at Suba Solutions Pvt Ltd positively influence employee motivation, satisfaction, and organizational commitment when effectively implemented. While most employees recognize the role of appraisals in enhancing job performance and career clarity, gaps remain in areas such as feedback consistency, leadership involvement, and reward transparency. The diversity in experience levels among staff also underscores the need for tailored appraisal methods. By addressing these areas and refining the appraisal framework, Suba Solutions can strengthen employee engagement, improve retention, and drive long-term organizational success.

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