

Performance Appraisal of Employees in the Service Industry

Dr. Pawan Sharma¹, Dr. Satpal², Soumyasubhra Ghosh³

¹Associate Professor, School of Management, University of Engineering and Management, Jaipur, Rajasthan, India

²Assistant Professor (P.T.T.), Department of Education, Chaudhary Devi Lal University, Sirsa, Haryana, India

³MBA, School of Management, University of Engineering and Management, Jaipur, Rajasthan, India

ABSTRACT

The present research study is an attempt to explore and find the performance appraisal of employees in the service industry, the main focus of this study is on the organizational success & growth, development of employee and employee's motivation. This study involves the examination of various factors such as fairness, transparency, goal clarity and feedback to determine their influence on job satisfaction, motivation, and productivity. For the successful completion of the present study data and information source consists to explore the past literature as well as primary data collected from 109 respondents from various employees of service industries in India and duly analyzed by using various statistical tools Regression, and Correlation to achieve the objectives of the study and gain some meaningful conclusion. Main findings of this study involve the favorable influence of employee's motivation on their job satisfaction, the importance of transparency in enhancing the employee morale and the need of consistent, constructive feedback to improve the mental health of employees positively. This study results the well-designed performance appraisal to enhance employee's functioning, incorporate the personal goals of employees with the organizational goals and focus for career growth of the employees. Hence, proper policy for employee's performance appraisal in an organization is beneficial for both employees and organizational growth.

KEYWORDS: Career growth, Job Satisfaction, Motivation, Performance Appraisal, Productivity

INTRODUCTION

Employees are the backbone of any kind of business organisation. Every employee work in the organisation as per his/her capabilities, skills and on the basis of various motivational factors. To check the workings of the employees, performance appraisal is must. Performance appraisal shows the step by step & structured evaluation of the employee's performance & workings. To know the capabilities of the employees' performance appraisal is a powerful tool. It provides the identification of the company and particular employee's advancements & achievements and to set the future targets also. With the productive feedbacks, the appraisal focuses on the professional upliftment and improves the productivity also. Therefore, performance appraisals help as a tool of employee motivation and can shows the path for personal and organizational enhancement. Performance Evaluation, Employees' Training and

How to cite this paper: Dr. Pawan Sharma | Dr. Satpal | Soumyasubhra Ghosh "Performance Appraisal of Employees in the Service Industry" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-9 | Issue-1, February 2025, pp.137-141, URL: www.ijtsrd.com/papers/ijtsrd73819.pdf



Copyright © 2025 by author (s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (<http://creativecommons.org/licenses/by/4.0>)



the payment of remuneration as well as for the promotion decision by the employers for the employees.

Review of Literature

Yasaswi, et al. (2024) implies that Performance Appraisal plays vital role in the development and motivation of the employees with both positive and negative impact, which can both motivate and demotivate the employees. Also supported the appraisal should support training and development. Chauhan and Mishra (2023) depicts that the positive work-environment helps in high employee engagement. It also shows that a performance evaluation helps in tracking employee productivity and as well as it improves the employee morale also. Selvi, et al (2022) shows that Pharma industry plays very crucial role in a country's economic condition. It says that, performance appraisal factors affect the employees' total job satisfaction and various components of appraisal motivate employee's job satisfaction. Shridhar, et al. (2022) mentions that money is a motivating for job satisfaction of the employees. This study reveals the appraisal also creates job satisfaction among the employees. Vasava and Pillai (2021) states that job evaluation is done to evaluate the employee performance and used as the base of performance appraisal. The Performance appraisal motivates employees to work harder, which helps the high employee productivity and employee satisfaction. Pahuja (2021) examines factors influencing India's performance appraisal systems in various sectors, highlighting the importance of effective assessments to boost employee productivity. Sahay and Kaur (2020) claims that various factors to evaluate performance like communications, leadership, decision-making motivates employees to work harder. Even the fairness in appraisal process creates employee satisfaction. Purbey (2020) shows India's rapidly enlarging banking sector faces increasing demands on recruitment, placement, training, and performance appraisal to ensure an effective workforce. Kumar, et al, (2020) reveals that the modern appraisal techniques to boost effectiveness and deepen employee engagement. Improved appraisal methods could support career development, increase productivity, and strengthen alignment between individual and organizational objectives. Chand and Ranga (2018) examine the practices of performance appraisal in the hotels in

India and finding of this study depicts that the hotels having large number of staffs focus more on performance appraisals other than those with less staffs. Bhatia and Patel (2018) studied role of performance appraisal for employee's satisfaction as well as overall job fulfilment of the employees. Key findings of this study show the unswerving association between the satisfaction and appraisals. Malik and Chikkara (2018) elaborated the significance the performance appraisals for enhancing the employee determination and the achievement of organizational goals effectively. This study concludes the relationship between performance appraisal and the factors viz. job satisfaction and organizational culture and organization's perception. D'souza and D'souza (2017) analyses performance management systems (PMS) across various sectors and organization sizes in India. Findings show that respondents generally agree that PMS should integrate individual and organizational goals and focus on developmental areas rather than just pay. Sunitha, et al. (2017) showed in their study about the Indian IT companies' performance appraisal, concluded the significance in the evaluation of the employee's performance in the changing market situations. The study emphasizes that effective PAS must be tailored to suit company-specific HR strategies to retain talent and align with socio-economic challenges.

Research Methodology

This study used mixed-methods methodology whereby the approach of quantitative and qualitative data collection will be used for understanding the factors influence employees job satisfaction and the performance appraisal process. For successful completion of this primary data study, 109 employees from different service sectors from all across India will be given a structured questionnaire comprising questions on motivation, job evaluation, productivity, etc. which influence the appraisal process.

The main objective of present study is to find several factors intricate in performance appraisal of employee and analyze the relationship between different factors intricate in the performance appraisal of employees focused on service industry. The collected Data was analyzed using IBM SPSS Software to derive statistical analysis. The findings have been transformed into actionable recommendations to be used to improve the appraisal process.

Result & Discussion**Table-1 Motivation and Job Satisfaction of Employees**

		Sum of Squares	df	Mean Square	F	Sig.
Motivation	Between Groups	1.901	3	.634	.512	.675
	Within Groups	129.861	105	1.237		
	Total	131.761	108			
<u>Job_satisfaction</u>	Between Groups	3.289	3	1.096	.883	.452
	Within Groups	130.289	105	1.241		
	Total	133.578	108			

Source: Primary Data

Motivation- Since the **p-value** (0.675) is higher than 0.05, the commonly used significance level. This suggests that the mean Motivation scores do not differ significantly across the groups. **Job- Satisfaction-** Since the **p-value** (0.452) is higher than 0.05. This suggests that the mean Job Satisfaction scores do not differ significantly across the groups. **Overall Conclusion-** For variables, Motivations and Job satisfaction, The ANOVA results indicate no significant differences groups. This implies that factors grouping data do not significantly impact either motivation or Job Satisfaction levels in this sample.

Table- 2 Regression Table

Mo del	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
					R Square Change	F Change	df1	Sig. F Change
1	.951 ^a	.724	.713	.59564	.724	68.061	4	.000

a. Predictors: (Constant), Productivity, Fairness, Motivation, Transparency

b. Dependent Variable: Job_satisfaction

Source: Primary data

The Model Summary in table 2 shows that the regression model is statistically prominent and elaborates a substantial segment of variance in Job Satisfaction (72.4%). The high R^2 and Adjusted R^2 values suggest that the model provides a strong fit for the data, with Motivation and Productivity likely playing key roles (as seen in previous tables). This means that the factors included in the model - particularly Motivation and Productivity – are effective predictors of Job Satisfaction in this sample.

Table-3 Correlation between Fairness and Job Satisfaction

		Fairness	<u>Job_satisfaction</u>
Fairness	Pearson Correlation	1	.531**
	Sig. (2-tailed)		.000
	N	109	109
<u>Job_satisfaction</u>	Pearson Correlation	.531**	1
	Sig. (2-tailed)	.000	
	N	109	109

**. Correlation is significant at the 0.01 level (2-tailed).

Pearson's correlation (r) = 0.531; Sig. (2- tailed) = 0.000

Source: Primary data

Here is a moderate positive correlation in between the Fairness and Job satisfaction ($r = 0.531$), which is statistically prominent at the 0.01 level ($p < 0.001$). Correlation indicates that as perceptions of fairness increase,

job satisfaction also tends to increase. Although fairness was not a significant predictor in the regression model, this correlation suggests it still has a meaningful relationship with job satisfaction.

Table-4
Correlations Between Transparency and Motivation

		Transparency	Motivation
Transparency	Pearson Correlation	1	.481**
	Sig. (2-tailed)		.000
	N	109	109
Motivation	Pearson Correlation	.481**	1
	Sig. (2-tailed)	.000	
	N	109	109

** . Correlation is significant at the 0.01 level (2-tailed).

Source: - SPSS

- **Pearson Correlation @ = 0.481**
- **Sig. (2-tailed) = 0.000**

Source: Primary data

Table 4 is showing moderately positive correlation in between the Transparency and Motivation ($r = 0.481$), which is statistically important at the 0.01 level ($p < 0.001$). This suggests that as transparency increases, motivation also tends to increase, and vice versa. This significant correlation implies that these two variables are positively associated in this sample, though not strongly.

Table-5 Correlation between Motivation and Productivity

		Motivation	Productivity
Motivation	Pearson Correlation	1	.525**
	Sig. (2-tailed)		.000
	N	109	109
Productivity	Pearson Correlation	.525**	1
	Sig. (2-tailed)	.000	
	N	109	109

** . Correlation is significant at the 0.01 level (2-tailed).

Pearson Correlation (r) = 0.525; Sig. (2- tailed) = 0.000

Source: Primary data

Table 5 is evident for the moderate positive correlation between Motivation & Productivity ($r = 0.525$), which is statistically important at the 0.01 level ($p < 0.001$). This indicates that higher motivation is associated with higher productivity among employees in this sample. This correlation is stronger than the one observed between Transparency and Motivation, suggesting that Motivation and Productivity may be more closely linked.

Overall Results and findings-

The correlation tables reveal statistically significant, moderate positive relationships between:

- Transparency and Motivation ($r = 0.481$)
- Motivation and Productivity ($r = 0.525$)
- Fairness and Job Satisfaction ($r = 0.531$)

These findings highlight key associations:

- Motivation is an important variable positively related to both Transparency and Productivity.

- Fairness has a positive association with Job Satisfaction, indicating that when employees perceived fairness in their environment, their job satisfaction is likely to improve.

Each of these relationships is statistically significant, reinforcing the importance of these factors within the workplace and suggesting areas that could be targeted to enhance employee satisfaction and performance.

Conclusion

Performance appraisals significantly impact employee motivation, efficiency and satisfaction in service industries. Research highlights a positive correlation between fair, transparent, and developmental appraisal systems and improved employee performance and organizational success. To maximize these benefits, organizations must focus on the challenges such as maintaining consistent feedback, mitigating biases, and setting clear goals. Quarterly or biannual appraisals with specific, achievable objectives and constructive feedback can foster employee growth. By creating genuine, fair, and transparent appraisal systems, organizations can cultivate a progressive work environment, enhance motivation and productivity, and ensure long-term success through strategic human resource management.

References

- [1] Bhatia, M. V. A., & Patel, M. R. (2018). A study on employee's satisfaction towards performance appraisal system at power Generation Company. *Journal of Emerging Technologies and Innovative Research*, 5(6), 577-582.
- [2] Chand, M., & Ranga, A. (2018). Performance appraisal practices in Indian hotel industry: An investigation of employee's perceptions. *International Journal of Hospitality & Tourism Systems*, 11(2), 47-55.
- [3] Chauhan, V., Gurdeep, K. S., & Mishra, R. A. Study of Impact of Performance Appraisal of the Employees in It Sector. *International Journal of Advances in Engineering and Management (IJAEM)*, 5(1), 1162-1166.
- [4] D'souza, M. M., & D'souza, M. (2017). A Study of the Performance Management Systems in the Indian Service and Industry Sectors. *AIMS International Journal of Management*, 11(3), 179-190.
- [5] Kumar, et al, (2020). A Study on Performance Appraisal of Information Technology Professionals. *Elementary Education Online*, 19(3), 4289-4289.
- [6] Malik, R., & Chikkara, S. (2018). Study of Performance Appraisal Systems in Service Industry in India. *Journal of General Management Research*, 5(2).
- [7] Pahuja, J. (2021). Performance Appraisal System in Indian Organisations: A Study. *International Journal of Innovative Research in Engineering & Management*, 8(6), 531-534.
- [8] Purbey, U. K. (2020). Performance Appraisal Practices in Indian Banking Sector: An Overview. *Asian Journal of Management and Commerce*, 1(2), 46-49.
- [9] Shaya, U., & Kaur, G. (2021). A Systematic Review of the Impact of Performance Appraisal Systems and Competency Management Framework on the Performance of Employees in the Telecom Sector. *Psychology and Education*, 58(1), 2515-2531.
- [10] Selvi, S. T., Murthy, G. S., & Prasad, V. V. D. (2022). Factors Affecting Employee Job Satisfaction of Pharma Industry. *Methodology*, 8(1).
- [11] Shridhar, R., & Turabi, T. (2022). Job Satisfaction Levels of Field Employees in Indian Pharmaceutical Industries. *International Journal of Scientific Research in Science and Technology*, 9(1), 70-78.
- [12] Sunitha, et al. (2017) A STUDY ON PERFORMANCE APPRAISAL SYSTEM IN INDIA, *International Journal of Research in IT and Management (IJRIM)*, Vol. 7, Issue 4, pp. 54~60.
- [13] Vasava, U. & Pillai, V. (2021). A study on performance appraisal of employees. *International Journal of Creative Research Thoughts*, 9(5), 804-811.
- [14] Yasaswi, K. R. K., Kumar, C. D. S., Lakshman, D. B. & Jaswanth, T. (2024). A Study on Performance Appraisal. *International Journal of Scientific Research in Science Engineering and Technology*, 11(4), 13-20.
- [15] Human Resource Management- Text and Cases- K Aswathappa and Sadhna Dash (McGraw Hill)
- [16] www.wikipedia.com
- [17] <https://www.gartner.com/en/human-resources/glossary/performance-appraisal>