

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 organizations 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.

Introduction

Performance Evaluation 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 behaviour and results, compare the observed behaviour 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."

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.

2.1 History of "ATMASTCO LTD"

Atmastco LTD was initially established as a partnership firm named M/s Atmastco in 1988 by promoter **Mr. Subramaniam Swaminathan Iyer** 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.

3.1 Objectives of the study.

- To study the performance evaluation process in “ATMASTCO LTD”.
- To study how the performance of the employees is improved and enhanced.
- To study performance appraisal techniques is effective or not in “ATMASTCO LTD”. OBJECTIVES OF THE STUDY

3.2 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

3.3 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.

3.4 Research Methodology:

- **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 asked to give their view and suggestions regarding the evaluation methods used in "ATMASTCO LTD."

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

- **Secondary Data:**

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 Historical documents and other sources of published information's.

4.1 7 Steps of Performance Evaluation Process:-

PERFORMANCE EVALUATION

7 Steps of Performance Evaluation Process



Figure – 1.1.1

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.

4.2 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 lead 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.

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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APPENDIX

Questionnaire

1. Are you satisfied with the current performance appraisal / evaluation system?
 - (a) Highly satisfied
 - (b) Satisfied
 - (c) Neutral
 - (d) Dissatisfied
 - (e) Highly dissatisfied
2. Promotion process in the organization is based on:-
 - (a) Performance
 - (b) Experience
 - (c) Educational qualification
 - (d) All of the above
3. Whether the performance evaluation / appraisal system is able to improve performance?
 - (a) Yes
 - (b) No
 - (c) Can't say
4. Do you agree whether the performance evaluation process was relevant to your development work?
 - (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
5. Do you agree, the performance evaluation is compulsory for the employees?
 - (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
6. Do you agree, the performance evaluation system motivates employees to work efficiently?
 - (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
7. In your view does the performance appraisal system function fairly/equitably?
 - (a) Yes
 - (b) No
 - (c) Can't say
8. Do you agree, that the performance appraisal system by the firm is able to measure the real performance of employees?
 - (a) Strongly agree
 - (b) Agree

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- (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
9. Is the appraisal system able to show the areas in which a person need's improvement?
- (a) Yes
 - (b) No
 - (c) Can't say
10. Do you agree, that the rewards are given according to your performance?
- (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
11. If development of any skill is required (after doing performance appraisal) is proper training given then?
- (a) Yes
 - (b) No
 - (c) Can't say
12. How is your performance appraisal - individually in a team or both?
- (a) Individually
 - (b) In team
 - (c) Both
13. Do you believe the current appraisal system improving performance?
- (a) Yes
 - (b) No
 - (c) Can't say
14. Do you agree, the performance appraisal system helps you to develop the skills & capabilities of your team?
- (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (d) Disagree
 - (e) Strongly disagree
15. Performance evaluation helps your team to perform better?
- (a) Strongly agree
 - (b) Agree
 - (c) Neutral
 - (e) Disagree
 - (f) Strongly disagree