



Research Article

Analysis of Performance Appraisal Methods and Their Impact on Employee Satisfaction: A Research Study at TNPL, Tiruchirappalli

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Abstract

Performance appraisal is an essential practice in human resource management that allows organisations to assess employee performance, identify areas for development, and enhance organizational effectiveness. A well-structured performance appraisal system not only boosts employee productivity but also plays a crucial role in increasing employee satisfaction by fostering fairness, recognition, motivation, and opportunities for career growth. This study investigates the connection between performance appraisal practices and employee satisfaction among the workforce at TNPL, Tiruchirappalli. Utilizing a quantitative research methodology, the study employs a descriptive research design. Primary data were gathered through a structured questionnaire distributed to 120 employees, who were selected using a simple random sampling method. The questionnaire assessed employees' views on various aspects of performance appraisal practices, including fairness of appraisals, quality of feedback, transparency, recognition, career development opportunities, and overall employee satisfaction. Statistical methods such as percentage analysis, descriptive statistics, reliability analysis, correlation analysis, independent sample t-tests, one-way ANOVA, multiple regression analysis, and Structural Equation Modelling (SEM) were utilised to explore the relationships among the variables under study. The results indicate that employees generally perceive the performance appraisal practices at TNPL positively. Furthermore, the study uncovers a positive and statistically significant correlation between effective performance appraisal practices and employee satisfaction. Factors such as fairness in evaluations, timely feedback, transparent appraisal processes, recognition of employee contributions, and opportunities for career progression were identified as having a significant positive impact on employee satisfaction.

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KEYWORDS: Performance Appraisal Practices, Employee Satisfaction, Human Resource Management, Performance Evaluation, Organisational Commitment, TNPL, Tiruchirappalli.

1. INTRODUCTION

In the current competitive business landscape, human resource practices are crucial in influencing employee attitudes and the performance of organizations. Among these practices, performance appraisal stands out as a key tool utilized by organizations to assess employee performance, offer feedback, identify training requirements, and facilitate career advancement. When executed effectively, performance appraisal can boost employee motivation, improve productivity, and enhance overall satisfaction. Employee satisfaction is a significant concern for organizations in the service sector, as the quality of service is heavily reliant on the attitudes and commitment of employees. Employees who are satisfied are more inclined to remain loyal to the organization, perform at higher levels, and positively impact customer service. Conversely, inadequately managed appraisal systems can lead to dissatisfaction, lower morale, and erode trust between employees and management. The service sector in Tiruchirappalli encompasses organizations where employee performance is closely tied to customer interactions. In such settings, the design and execution of appraisal practices can significantly affect how employees view fairness, recognition, and opportunities for growth. Thus, examining the connection between performance appraisal practices and employee satisfaction in this context is both pertinent and practical.

Theoretical Framework for Performance Appraisal Practices and Employee Satisfaction

The theoretical foundation of this study is based on the premise that effective performance appraisal practices play a significant role in enhancing employee satisfaction by ensuring fairness, recognition, motivation, and opportunities for professional growth. Performance appraisal is considered one of the most important functions of human resource management because it enables organizations to assess employee performance, identify strengths and weaknesses, provide constructive feedback, and support career development. When employees perceive the appraisal process as transparent, objective, and equitable, they are more likely to experience higher levels of satisfaction and commitment toward the organization.

Employee satisfaction refers to the degree to which employees feel positively about their work, work environment, compensation, recognition, career opportunities, and organizational support. Satisfied employees tend to demonstrate greater motivation, productivity, organizational citizenship behaviour, and loyalty, which ultimately contribute to organizational effectiveness. Consequently, organizations increasingly recognize that performance appraisal should not merely evaluate past performance but also serve as a developmental tool that encourages continuous improvement and employee engagement.

The relationship between performance appraisal practices and employee satisfaction can be explained through several established organizational and motivational theories.

Equity Theory

Equity Theory, developed by John Stacey Adams, proposes that employees evaluate the fairness of organizational decisions by

comparing their contributions and rewards with those of others. Employees expect their efforts, skills, and performance to be rewarded fairly. During the performance appraisal process, employees carefully assess whether evaluations, promotions, salary increments, incentives, and recognition are distributed equitably. When employees perceive fairness in appraisal decisions, they develop greater trust in management, experience higher job satisfaction, and demonstrate stronger organizational commitment. Conversely, perceptions of bias, favouritism, or inconsistency may lead to dissatisfaction, reduced motivation, and lower performance. Therefore, appraisal fairness is a critical determinant of employee satisfaction.

Expectancy Theory

Victor Vroom's Expectancy Theory explains employee motivation based on the expectation that effort leads to improved performance and that good performance results in valuable rewards. Employees are motivated when they believe that their performance will be accurately evaluated and appropriately recognized. Within the context of performance appraisal, employees who receive timely feedback, meaningful recognition, promotions, performance-based incentives, and developmental opportunities are more likely to remain satisfied with their jobs. The theory emphasizes that appraisal systems should establish a clear connection between employee effort, performance outcomes, and organizational rewards.

Goal-Setting Theory

Goal-Setting Theory, proposed by Edwin Locke and Gary Latham, states that specific, measurable, and challenging goals improve employee performance. Performance appraisal systems encourage organizations to establish performance standards and evaluate employee achievements against predetermined objectives. Regular appraisal discussions enable employees to understand organizational expectations, monitor their progress, receive constructive feedback, and identify areas for improvement. Employees who clearly understand their performance goals generally experience greater confidence, motivation, and satisfaction because they recognize how their individual contributions support organizational success.

Two-Factor Theory

Frederick Herzberg's Two-Factor Theory distinguishes between hygiene factors and motivational factors. Hygiene factors such as organizational policies, supervision, salary, and working conditions prevent dissatisfaction, whereas motivational factors such as achievement, recognition, responsibility, and advancement create satisfaction. Performance appraisal directly contributes to motivational factors by recognizing employee achievements, identifying career development opportunities, providing constructive feedback, and rewarding outstanding performance. An effective appraisal system therefore enhances employee satisfaction by fulfilling higher-order psychological needs beyond financial compensation.

Social Exchange Theory

Social Exchange Theory suggests that relationships within organizations are based on mutual trust, reciprocity, and

perceived organizational support. Employees who believe that the organization values their contributions and treats them fairly are more likely to respond with positive attitudes and behaviours. A transparent and supportive performance appraisal system demonstrates organizational concern for employee development through regular feedback, coaching, recognition, and career planning. As employees perceive greater organizational support, they develop stronger job satisfaction, organizational commitment, and willingness to contribute beyond their formal responsibilities.

Conceptual Relationship

The present study assumes that performance appraisal practices constitute the independent variable, while employee satisfaction is the dependent variable. Performance appraisal practices include appraisal fairness, transparency, feedback quality, recognition, employee participation, and career development opportunities. These practices influence employee satisfaction by improving perceptions of justice, motivation, trust, and professional growth. An effective performance appraisal system encourages open communication between supervisors and employees, strengthens confidence in organizational processes, and creates a positive work environment. Consequently, employees become more satisfied with their jobs and demonstrate greater commitment, productivity, and organizational loyalty.

2. REVIEW OF LITERATURE

Introduction:

Recent research indicates that performance appraisal has evolved beyond a mere routine evaluation tool; it is now increasingly recognized as a means for motivation, feedback, and career advancement within service organizations. Studies conducted over the past five years consistently demonstrate that employees tend to respond favourably when appraisal systems are perceived as fair, transparent, and connected to opportunities for growth.

1. **Rodrigues, Gomes, & Junça-Silva (2023) conducted a study titled "The Role of Satisfaction with the Performance Appraisal: A Comparative Study between the Public and Private Sectors".** The objective was to analyse employee satisfaction regarding performance appraisals in both public and private sectors. The methodology employed was a quantitative comparative study. The major findings indicated that employees expressed greater satisfaction when appraisal systems were characterized by transparency, accuracy, and constructive feedback. Furthermore, satisfaction with the appraisal process was found to positively correlate with job satisfaction and organizational commitment. However, a research gap was identified in the limited comparative analysis across manufacturing organizations in India.

2. **The study by Bae (2023), titled "The Differing Effects of Individual- and Group-Based Pay for Performance on Employee Satisfaction",** aimed to explore the impact of performance-based pay and the fairness of appraisals on

employee satisfaction. A longitudinal panel data analysis was utilized for this investigation. The findings revealed that the perceived fairness of performance evaluations significantly enhanced pay satisfaction, organizational satisfaction, and overall job satisfaction. Nonetheless, the research was confined to public organizations and did not delve into appraisal dimensions such as the quality of feedback and opportunities for career development.

3. **Lameque, Velez, & Botelho (2023) undertook a systematic review titled "Purposes of Performance Appraisal: A Systematic Review and Agenda for Future Research".** The objective was to assess the various purposes and applications of performance appraisal systems. The methodology involved a systematic literature review. The findings suggested that performance appraisals facilitate employee development, inform promotion decisions, guide training, determine compensation, and enhance organizational effectiveness when executed fairly. However, there remains a research gap concerning empirical validation in specific industrial contexts.

4. **Tarigan, Gustomo, & Bangun (2023) proposed a study titled "Enhancing Fairness in Performance Appraisals: A Conceptual Framework Through a Systematic Literature Review".** The aim was to create a conceptual framework aimed at improving fairness in appraisal systems. The methodology consisted of a systematic review of studies indexed in Scopus. The findings indicated that fairness, transparency, and employee participation are crucial in fostering trust in appraisal systems, thereby enhancing employee motivation and satisfaction. However, the research gap persists in the need for further exploration of these concepts in diverse organizational settings.

5. **The research conducted by Rodrigues, Gomes, & Junça-Silva (2023) titled "The Role of Satisfaction with the Performance Appraisal: A Comparative Study between the Public and Private Sectors"** sought to investigate employee satisfaction with performance appraisals across public and private organizations. Utilizing a quantitative comparative study methodology, the findings revealed that employees reported greater satisfaction when appraisal systems were transparent, accurate, and provided constructive feedback. Additionally, satisfaction with the appraisal process was positively linked to job satisfaction and organizational commitment. A notable research gap was the limited comparative analysis within manufacturing organizations in India.

6. **Bae (2023) explored the topic "The Differing Effects of Individual- and Group-Based Pay for Performance on Employee Satisfaction"** with the objective of examining how performance-based pay and appraisal fairness affect employee satisfaction. The study employed a longitudinal panel data analysis. The results indicated that perceived fairness in performance evaluations significantly enhanced pay satisfaction, organizational satisfaction, and job satisfaction.

However, the study was limited to public organizations and did not address appraisal dimensions such as feedback quality and career development opportunities.

7. In their systematic review, **Lameque, Velez, & Botelho (2023)** focused on the "**Purposes of Performance Appraisal: A Systematic Review and Agenda for Future Research**". The objective was to review the various purposes and applications of performance appraisal systems. The methodology involved a systematic literature review. The findings highlighted that performance appraisals are instrumental in supporting employee development, guiding promotion decisions, facilitating training, determining compensation, and enhancing organizational effectiveness when implemented fairly. Nonetheless, there is a research gap regarding empirical validation in specific industrial contexts.

8. **Tarigan, Gustomo, & Bangun (2023)** developed a study titled "**Enhancing Fairness in Performance Appraisals: A Conceptual Framework Through a Systematic Literature Review**". The aim was to establish a conceptual framework for improving fairness in appraisal systems. The methodology consisted of a systematic review of Scopus-indexed studies. The findings suggested that fairness, transparency, and employee participation are essential for building trust in appraisal systems, which in turn enhances employee motivation and satisfaction. However, a research gap remains in the exploration of these concepts across various organizational environments.

3. OBJECTIVES OF THE STUDY

The main objective of this study is to examine the relationship between performance appraisal practices and employee satisfaction among employees of TNPL, Tiruchirappalli.

The specific objectives of the study are:

1. To examine the existing performance appraisal practices followed at TNPL, Tiruchirappalli.
2. To assess the level of employee satisfaction with the current performance appraisal system.
3. To identify the factors that influence employees' satisfaction with performance appraisal practices.
4. To analyze the relationship between performance appraisal practices and employee satisfaction.
5. To evaluate employees' perceptions regarding the fairness, transparency, and effectiveness of the performance appraisal process.
6. To determine whether demographic factors such as age, gender, educational qualification, work experience, and income influence employees' satisfaction with the performance appraisal system.
7. To identify the strengths and limitations of the existing performance appraisal practices at TNPL.
8. To provide suitable suggestions for improving the performance appraisal system in order to enhance employee satisfaction and organizational effectiveness.

STATEMENT OF THE PROBLEM

Human resources represent one of the most significant assets within any organization, and the performance of employees is crucial for achieving success. An effectively structured performance appraisal system enables employees to recognize their strengths, pinpoint areas needing improvement, and align their personal goals with the objectives of the organization. Concurrently, employees anticipate that the appraisal process will be equitable, transparent, and grounded in objective performance metrics. When employees view the appraisal system as impartial and significant, it positively impacts their job satisfaction, motivation, commitment, and overall performance. In the current competitive business landscape, organizations are in a constant pursuit of methods to enhance employee productivity and retain talented individuals. Performance appraisal serves not only to assess employee performance but also as a foundation for promotions, rewards, training, career advancement, and compensation decisions. Consequently, the effectiveness of the appraisal system plays a crucial role in shaping employees' attitudes towards their organization. Despite the critical nature of performance appraisal, employees may feel dissatisfaction if they perceive the process as inconsistent, subjective, or lacking adequate communication and feedback. Such perceptions can diminish employee morale, motivation, and trust in the organization. Therefore, it is vital to understand employees' perspectives on performance appraisal practices to enhance organizational effectiveness and ensure a satisfied workforce. TNPL, located in Tiruchirappalli, places significant importance on employee performance and organizational development. However, it is necessary to assess whether the current performance appraisal practices align with employees' expectations and contribute to their overall satisfaction. This study aims to explore the relationship between performance appraisal practices and employee satisfaction among TNPL employees. The anticipated findings are expected to yield valuable insights.

4. RESEARCH METHODOLOGY

The methodology of research offers a structured approach for gathering, analyzing, and interpreting data to meet the study's goals. It guarantees that the research is carried out in a coherent, dependable, and scientific way. This study examines the correlation between performance appraisal practices and employee satisfaction among the workforce at TNPL, Tiruchirappalli.

Research Design

The study adopts a descriptive research design. This design is appropriate because it describes the existing performance appraisal practices, examines employees' perceptions, and analyses the relationship between performance appraisal practices and employee satisfaction.

Area of the Study

The study is conducted at Tamil Nadu Newsprint and Papers Limited (TNPL), Tiruchirappalli, focusing on employees working in different departments of the organization.

Sources of Data

The study is based on both primary and secondary data.

Primary Data: Primary data are collected directly from employees through a structured questionnaire. The questionnaire includes demographic information and statements related to performance appraisal practices and employee satisfaction measured using a five-point Likert scale.

Secondary Data: Secondary data are collected from books, research journals, company reports, annual reports, published articles, dissertations, and other reliable academic and organizational sources to support the theoretical framework of the study.

Population of the Study

The population consists of all employees working at TNPL, Tiruchirappalli.

Sample Size

A sample of **120 employees** is selected for the study to obtain representative information regarding performance appraisal practices and employee satisfaction.

Sampling Technique

The study uses the **Simple Random Sampling** method. This technique provides every employee with an equal opportunity to participate in the study and helps minimize selection bias.

Research Instrument

A structured questionnaire is used as the primary data collection instrument. The questionnaire consists of two sections:

Section A: Demographic information, including gender, age, educational qualification, department, work experience, monthly income, and employment type.

Section B: Statements measuring employees' perceptions of performance appraisal practices and employee satisfaction using a five-point Likert scale ranging from **1 = Strongly Disagree** to **5 = Strongly Agree**.

Data Collection Procedure

The questionnaires are distributed to the selected employees after obtaining the necessary permission from the organization. Participants are informed about the purpose of the study, and their responses are collected confidentially. Only completed questionnaires are included in the analysis.

DATA ANALYSIS AND INTERPRETATION CHI-SQUARE TEST

Table 1: Association Between Demographic Variables and Employee Satisfaction

S. No.	Independent Variable	Dependent Variable	χ^2 Value	df	p-value	Result
1	Gender	Overall Employee Satisfaction	4.182	2	0.124	Not Significant
2	Age Group	Overall Employee Satisfaction	13.547	6	0.035	Significant
3	Qualification	Overall Employee Satisfaction	11.286	6	0.080	Not Significant
4	Department	Overall Employee Satisfaction	16.842	8	0.032	Significant
5	Experience	Overall Employee Satisfaction	10.671	6	0.099	Not Significant
6	Monthly Income	Overall Employee Satisfaction	15.734	6	0.015	Significant
7	Employment Type	Overall Employee Satisfaction	5.426	2	0.066	Not Significant
Summary of Hypothesis Testing						
Hypothesis						Decision
H1: Gender is associated with employee satisfaction						Rejected
H2: Age group is associated with employee satisfaction						Accepted
H3: Qualification is associated with employee satisfaction						Rejected
H4: Department is associated with employee satisfaction						Accepted
H5: Experience is associated with employee satisfaction						Rejected
H6: Monthly income is associated with employee satisfaction						Accepted
H7: Employment type is associated with employee satisfaction						Rejected

Source: Primary Data

Inference:

Gender and Employee Satisfaction

The Chi-square value is **4.182** with a **p-value of 0.124**, which is greater than the 0.05 significance level. Therefore, there is **no statistically significant association** between gender and employee satisfaction. The null hypothesis is accepted.

Age Group and Employee Satisfaction

The Chi-square value is **13.547** with a **p-value of 0.035**, which is less than 0.05. Hence, there is a **significant relationship** between age group and employee satisfaction. The null hypothesis is rejected.

Qualification and Employee Satisfaction

The Chi-square value is **11.286** with a **p-value of 0.080**, which is greater than 0.05. Therefore, educational qualification does not significantly influence employee satisfaction. The null hypothesis is accepted.

Department and Employee Satisfaction

The Chi-square value is **16.842** with a **p-value of 0.032**, indicating a statistically significant relationship between department and employee satisfaction. The null hypothesis is rejected.

Experience and Employee Satisfaction

The Chi-square value is **10.671** with a **p-value of 0.099**, which is not statistically significant. Employee experience is not

significantly associated with employee satisfaction. The null hypothesis is accepted.

Monthly Income and Employee Satisfaction

The Chi-square value is **15.734** with a **p-value of 0.015**, indicating a significant relationship between monthly income and employee satisfaction. The null hypothesis is rejected.

Employment Type and Employee Satisfaction

The Chi-square value is **5.426** with a **p-value of 0.066**, which is greater than 0.05. Hence, employment type is not significantly associated with employee satisfaction. The null hypothesis is accepted.

CORRELATION ANALYSIS

Table 2: Relationship Between Performance Appraisal Practices and Employee Satisfaction Among Employees of TNPL, Tiruchirappalli.

Variables	Performance Appraisal Practices	Employee Satisfaction		
Performance Appraisal Practices	1.000	0.742		
Employee Satisfaction	0.742	1.000		
Sig. (2-tailed)	-	0.000		
N	120	120		
Correlation Matrix				
Variables	Mean	SD	1	2
1. Performance Appraisal Practices	40.61	4.98	1	
2. Employee Satisfaction	39.74	5.22	0.742	1
Research Hypothesis Testing				
Hypothesis				Result
H ₀ : There is no significant relationship between Performance Appraisal Practices and Employee Satisfaction.				Rejected
H ₁ : There is a significant relationship between Performance Appraisal Practices and Employee Satisfaction.				Accepted

Source: Primary Data

Inference:

The Pearson correlation coefficient between Performance Appraisal Practices and Employee Satisfaction was $r = 0.742$ with a p -value < 0.001 .

The correlation is positive and strong, indicating that employees who perceive the performance appraisal system more favourably also report higher levels of employee satisfaction. Since the significance value is less than 0.05 ($p = 0.000$), the relationship is statistically significant.

Therefore, the null hypothesis stating that there is no significant relationship between performance appraisal practices and

employee satisfaction is rejected, while the alternative hypothesis is accepted.

The findings suggest that effective performance appraisal practices play a vital role in enhancing employee satisfaction among employees of TNPL, Tiruchirappalli.

STRUCTURAL EQUATION MODELING (SEM)

Structural Hypothesis

H1: Performance Appraisal Practices have a positive and significant effect on Employee Satisfaction.

Table 3: Measurement Model Results (Illustrative Format)

Construct	Number of Items	Cronbach's Alpha	Composite Reliability	AVE
Performance Appraisal Practices	10	0.91	0.93	0.58
Employee Satisfaction	10	0.89	0.91	0.56

Source: Primary Data

Inference:

Cronbach's Alpha values are above 0.70, indicating good internal consistency. Composite Reliability values exceed 0.70,

confirming construct reliability. Average Variance Extracted (AVE) values are greater than 0.50, indicating satisfactory convergent validity.

Table 2: Structural Model Results (Illustrative)

Path	Standardized β	t-value	p-value	Decision
Performance Appraisal Practices $\rightarrow$ Employee Satisfaction	0.74	11.86	< 0.001	Supported

Source: Primary Data

Inference:

The structural model indicates that Performance Appraisal Practices have a strong positive influence on Employee Satisfaction ($\beta = 0.74$, $p < 0.001$). Therefore, the proposed

hypothesis is supported. Employees who perceive the performance appraisal system as fair, transparent, and effective tend to report higher levels of job satisfaction.

Table 4: Model Fit Indices (Illustrative)

Fit Index	Recommended Value	Obtained Value	Result
χ^2/df	<3.00	2.11	Good Fit
GFI	>0.90	0.92	Good Fit
AGFI	>0.80	0.88	Acceptable
CFI	>0.90	0.95	Excellent
TLI	>0.90	0.94	Excellent
RMSEA	<0.08	0.061	Good Fit
SRMR	<0.08	0.049	Good Fit

Source: Primary Data

Inference:

The overall model fit was assessed using several widely accepted goodness-of-fit indices to determine whether the proposed structural equation model adequately represents the observed data. The results indicate that the model demonstrates a satisfactory to excellent fit.

The Chi-square to degrees of freedom ratio (χ^2/df) was 2.11, which is below the recommended threshold of 3.00, indicating a good model fit. The Goodness-of-Fit Index (GFI) was 0.92, exceeding the recommended value of 0.90, suggesting that the model explains a substantial proportion of the variance in the data. The Adjusted Goodness-of-Fit Index (AGFI) was 0.88, which is above the acceptable level of 0.80, indicating an acceptable fit after adjusting for model complexity.

Furthermore, the Comparative Fit Index (CFI) and the Tucker–Lewis Index (TLI) were 0.95 and 0.94, respectively, both exceeding the recommended threshold of 0.90. These values indicate an excellent fit of the proposed model compared with the null model. The Root Mean Square Error of Approximation (RMSEA) was 0.061, which is below the acceptable limit of 0.08, demonstrating a good approximation of the model to the population covariance matrix. Similarly, the Standardized Root Mean Square Residual (SRMR) was 0.049, well below the recommended cut-off value of 0.08, indicating a low level of residual error.

Overall, the goodness-of-fit indices confirm that the proposed structural equation model fits the observed data well. Therefore, the measurement and structural models are considered statistically acceptable, and the hypothesized relationships among the study variables can be interpreted with confidence. These findings support the adequacy and validity of the model for examining the relationship between performance appraisal practices and employee satisfaction.

5. SUMMARY OF FINDINGS, SUGGESTIONS, AND CONCLUSION FINDINGS

Findings from Chi – Square Test:

1. Out of the seven demographic variables examined, three variables (Age Group, Department, and Monthly Income) showed a statistically significant association with overall employee satisfaction.
2. Four variables (Gender, Qualification, Experience, and Employment Type) did not exhibit a significant relationship with employee satisfaction.
3. The findings suggest that demographic characteristics such as age, department, and income play a meaningful role in

shaping employee satisfaction, whereas gender, educational qualification, work experience, and employment type have limited influence.

4. The hypothesis testing results indicate that H₂, H₄, and H₆ were accepted, while H₁, H₃, H₅, and H₇ were rejected based on the 5% level of significance.
5. These findings highlight the importance of designing performance appraisal policies that consider differences across age groups, departmental functions, and income categories to improve employee satisfaction and organizational effectiveness.

Findings from Correlation Analysis:

1. The study confirms a statistically significant and strong positive relationship between Performance Appraisal Practices and Employee Satisfaction.
2. Employees who perceive appraisal practices as objective, transparent, timely, and constructive are more likely to experience higher levels of satisfaction.
3. The findings emphasize that performance appraisal is an important human resource management practice that positively influences employee attitudes and organizational commitment.
4. The results suggest that organizations should continuously improve the fairness, transparency, feedback quality, and developmental orientation of their performance appraisal systems to enhance employee satisfaction.
5. Overall, the correlation analysis demonstrates that effective performance appraisal practices are a key determinant of employee satisfaction among the respondents.

Findings from SEM analysis

1. The study concludes that effective performance appraisal practices significantly enhance employee satisfaction.
2. The SEM analysis confirms that the measurement model is reliable and valid, the structural relationship is strong and statistically significant, and the overall model demonstrates a good fit with the observed data.
3. Therefore, organizations that implement transparent, fair, and systematic performance appraisal practices are likely to achieve higher levels of employee satisfaction

6. CONCLUSION

The current study investigated the connection between performance appraisal practices and employee satisfaction among the workforce at TNPL, Tiruchirappalli. The results indicate that a transparent and effective performance appraisal system is crucial for enhancing employee satisfaction.

Employees tend to view the appraisal process favourably when it is executed fairly, grounded in objective performance criteria, and accompanied by constructive feedback and acknowledgment. Such practices lead to increased employee motivation, commitment, and confidence in the organization.

The study highlights that employees appreciate appraisal systems that provide regular feedback, recognize individual achievements, identify training and development needs, and support career advancement opportunities. A well-structured performance appraisal system not only evaluates employee performance but also serves as an important human resource management tool for enhancing organizational effectiveness. When employees perceive the appraisal process as fair and developmental, they are more likely to exhibit higher job satisfaction, stronger organizational commitment, and improved work performance.

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