



A Study On Performance Appraisal with Reference to Heritage Foods Pvt. Ltd., Hyderabad

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Abstract- This study examined the performance appraisal system at Heritage Foods Pvt. Ltd., a leading organization in India's food and dairy processing sector. The research focused on evaluating employees' perceptions regarding the fairness, transparency, and developmental effectiveness of the existing appraisal process. The key objectives included analyzing appraisal-related factors, understanding employee perceptions, assessing the impact of appraisal on job satisfaction, and identifying organizational actions taken after the appraisal process. A quantitative research approach was adopted, utilizing a structured questionnaire with closed-ended questions administered to a sample of 100 employees selected through purposive sampling. The instrument gathered demographic data, multiple-choice responses related to appraisal practices, and Likert-scale responses measuring employee attitudes toward various appraisal dimensions. The collected data were analyzed using frequency distribution, descriptive statistics, regression analysis, and one-way ANOVA with the support of MS Excel and SPSS software.

Keywords- Performance appraisal, employee perception, fairness, effectiveness, job satisfaction, primary data, structured questionnaire, secondary data, appraisal theory, organizational context, human resource practices, appraisal system design, and implementation challenges.

I. Introduction

Organizations have consistently faced the essential challenge of determining how completed work should be assessed, documented, and rewarded. Any enterprise that relies on collective human effort inevitably encounters the need to differentiate between satisfactory and outstanding performance, and to do so through a structured and justifiable system. Over time, this necessity led to the development of formal performance evaluation mechanisms. What initially began as informal supervisory judgments gradually evolved into well-defined and standardized systems within human resource management, aimed at ensuring consistency, fairness, and objectivity in what remains an inherently subjective process.

The progression of performance evaluation systems closely paralleled the changing perception of the employer-employee relationship. In early industrial environments, employees were primarily viewed as units of labor, measured mainly by their output, with minimal focus on personal growth or engagement. However, as management theories advanced, organizations began to recognize employees as individuals with



potential, skills, and aspirations. This shift encouraged a transformation in evaluation practices—from being merely judgmental or corrective tools to becoming ongoing, constructive processes that support career development, motivate employees, and align individual goals with organizational objectives.

In modern organizational behavior, performance evaluation is understood as a blend of scientific measurement and human interaction. While organizations strive to achieve objectivity through metrics such as key performance indicators, rating scales, and benchmarking systems, the process is still deeply influenced by human factors. Elements such as perception, communication, memory, and interpersonal relationships play a crucial role in shaping evaluation outcomes. This dual nature makes performance appraisal both a technical and behavioral exercise, requiring careful design of evaluation tools as well as effective implementation by managers within the dynamic and complex reality of organizational environments.

II. Literature Review

Speer (2026) examines how off-the-shelf language models compare against fine-tuned supervised models when applied to the analysis of performance appraisal text. The study addresses a growing methodological question in HR analytics: whether generic pretrained models can substitute for costly, domain-specific fine-tuning when processing qualitative appraisal data. The research contributes to debates on the practical trade-offs organizations face when adopting AI tools for evaluating employee narratives, offering guidance on model selection strategies that balance accuracy, cost, and implementation feasibility in performance management systems.

Pan (2026) investigates employees' lived experience of AI-mediated performance appraisal using a mixed-method design grounded in relational theory. The study explores how algorithmic evaluation systems shape perceptions of fairness, trust, and interpersonal connection between employees and organizations. By combining qualitative and quantitative approaches, the research captures both the emotional and procedural dimensions of AI-driven appraisal, contributing to an emerging body of work concerned with the human-centered implications of automating traditionally interpersonal HR processes such as feedback and evaluation.

Kulariya (2026) critically appraises construction practices in the Western Himalayan region, focusing on how local buildings perform under exposure to multiple natural hazards. The study evaluates structural vulnerabilities arising from indigenous building methods in seismically and climatically sensitive terrain. The research contributes to disaster-resilient construction literature by highlighting gaps between traditional practices and modern engineering standards, offering insights relevant to policymakers and engineers seeking to strengthen structural safety in hazard-prone mountainous communities.

Yalçın (2025) proposes an intuitionistic fuzzy CIMAS-ARLON model for selecting authentication systems used in human resource performance appraisal processes. The study applies advanced multi-criteria decision-making techniques to address uncertainty and ambiguity inherent in choosing secure, reliable authentication



technologies for HR evaluation systems. This research bridges computational decision science and human resource management, offering organizations a structured, quantitative framework for technology selection that safeguards the integrity and confidentiality of sensitive employee appraisal data.

III. Need for The Study

1. There is a need to empirically evaluate performance appraisal practices rather than relying only on theoretical frameworks.
2. Although organizations design appraisal systems with strong theoretical foundations, their practical implementation often differs from intended outcomes.
3. Factors such as evaluator bias, communication gaps, and lack of proper follow-up can create discrepancies in the appraisal process.
4. Understanding these gaps requires direct analysis of employee perceptions rather than assumptions made by management.
5. The study addresses the need for systematic, employee-centered research to provide realistic insights into appraisal effectiveness.
6. Such evidence is essential for improving human resource practices and ensuring more effective and fair performance appraisal systems.

IV. Scope of The Study

1. The study focuses on employees within the selected organization, emphasizing their perceptions of the performance appraisal system.
2. It examines key aspects such as fairness, effectiveness, and the impact of appraisal on employee job satisfaction.
3. The research is primarily based on primary data collected through a structured questionnaire.
4. Secondary data sources are used to provide theoretical background and support for appraisal concepts and practices.
5. The study is limited to a single organizational setting, ensuring an in-depth analysis within that context.
6. Despite this limitation, the findings offer valuable insights and can be applied to similar organizations facing challenges in performance appraisal design and implementation.

Objectives Of The Study

1. To study the factors related to performance appraisal system at Heritage Foods.
2. To analyze employees' perception towards performance appraisal system at Heritage Foods.
3. To study the impact of performance appraisal system on employee job satisfaction at Heritage Foods.
4. To know the initiatives at Heritage Foods after completion of performance appraisal.
5. To give suggestions for human resource managers at Heritage Foods.

V. Research Methodology



Despite the widespread adoption of formal performance appraisal systems across organizations, considerable variation persisted in how employees perceived the fairness, accuracy, and developmental value of such processes. This variation raised concern regarding whether appraisal systems, as designed and administered, achieved their intended purpose of motivating employees and aligning individual effort with organizational objectives. Where employees regarded appraisal outcomes as arbitrary or disconnected from genuine contribution, the process risked undermining rather than enhancing job satisfaction and commitment. The research problem, therefore, centered upon understanding how employees perceived the performance appraisal system to which they were subject, and the extent to which this perception bore upon their satisfaction with their employment and their receptiveness to organizational initiatives that followed the appraisal cycle.

VI. Data Analysis & Interpretation

1. What is your gender?

Table 1: Gender

Gender	Frequency	Percentage
Male	60	60%
Female	40	40%

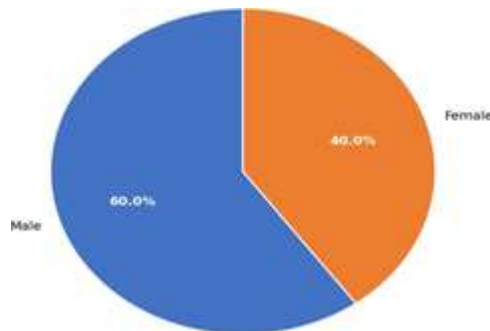


Figure 1: Gender

Interpretation

The gender distribution revealed that sixty percent of respondents were male, while forty percent were female. This pattern indicated a workforce skewed toward male representation within Heritage Foods, though female participation remained substantial and meaningful. Such a distribution suggested reasonably balanced access to the appraisal process across both genders. The near-even spread of respondents strengthened the validity of gender-based comparisons drawn elsewhere in this study. Overall, the sample adequately represented the workforce and supported meaningful analysis of the performance appraisal system.

2. What is your job level within the organization?



Table 2: Job Level

Job Level	Frequency	Percentage
Junior-level	46	46%
Middle-management	27	27%
Senior-management	20	20%
Executive/Top-management	7	7%



Figure 2: Job Level

Interpretation

Junior-level employees accounted for less than half of the respondents, at forty-six percent, forming the largest single category. Middle-management employees contributed twenty-seven percent, while senior-management represented twenty percent of the sample. Executive and top-management personnel constituted the smallest group, at only seven percent. This distribution mirrored the typical organizational pyramid found within manufacturing and food-processing firms such as Heritage Foods. The concentration of respondents at junior and middle levels ensured that findings captured perceptions from employees most directly affected by appraisal outcomes.

What is your highest educational qualification?

Table 3: Education

Qualification	Frequency	Percentage
Undergraduate	41	41%
Postgraduate	37	37%
School/Diploma	14	14%
Other	8	8%

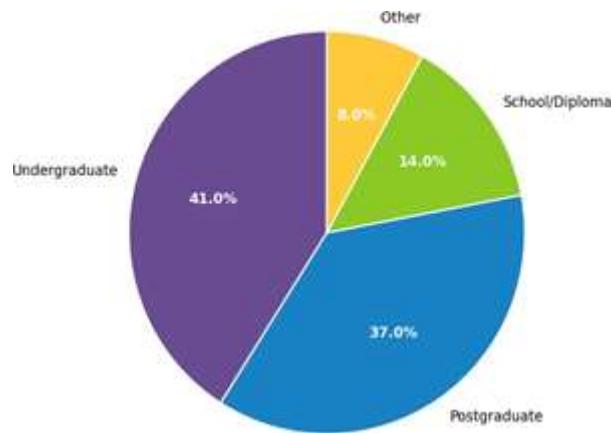


Figure 3: Education

Interpretation

Undergraduate degree holders formed the largest educational group, comprising forty-one percent of respondents at Heritage Foods. Postgraduate qualification holders followed closely, representing thirty-seven percent of the total sample. Respondents with school-level or diploma qualifications accounted for fourteen percent, while eight percent reported other qualifications. This distribution indicated a reasonably well-educated workforce capable of engaging meaningfully with structured appraisal criteria. The predominance of undergraduate and postgraduate respondents suggested that most employees could interpret appraisal feedback with adequate comprehension.

Which performance appraisal method is primarily used to evaluate your performance?

Table 4: Appraisal Method

Method	Frequency	Percentage
Graphic rating scale	38	38%
Management by Objectives (MBO)	25	25%
360-degree feedback	24	24%
Ranking method	13	13%



Figure 4: Appraisal Method



Interpretation

The graphic rating scale emerged as the most commonly reported appraisal method, cited by thirty-eight percent of respondents. Management by objectives followed at twenty-five percent, closely trailed by 360-degree feedback at twenty-four percent. The ranking method was least reported, selected by only thirteen percent of employees. This distribution suggested that Heritage Foods relied predominantly upon conventional rating-scale methodology rather than multi-rater feedback systems. Continued reliance on traditional methods may limit the depth of developmental insight available to employees during appraisal.

VII. Findings

1. Employees at Heritage Foods generally perceive the performance appraisal system as moderately fair, with a reasonable level of objectivity and minimal bias.
2. The graphic rating scale is the most commonly adopted method for performance evaluation within the organization.
3. Annual appraisal cycles continue to be the dominant practice, which restricts the scope for ongoing and continuous feedback.
4. Immediate supervisors act as the primary evaluators, placing significant reliance on their judgment and appraisal competencies.
5. Greater emphasis is placed on job knowledge and quality of work output compared to behavioral attributes and attendance-related factors.
6. Formal face-to-face discussions are the most preferred method for communicating appraisal results to employees.
7. Employees tend to view the appraisal process mainly as a tool for promotion and compensation decisions rather than for developmental and growth-oriented purposes.

VIII. Suggestions / Recommendations

1. Heritage Foods should implement a hybrid performance appraisal system that integrates both supervisor evaluations and peer feedback.
2. The Human Resource Department should organize regular calibration sessions to ensure consistency in ratings and reduce evaluator bias across supervisors.
3. An online appraisal management system should be introduced to streamline processes and maintain uniformity in feedback timelines across the organization.
4. Appraisal outcomes should be directly aligned with personalized training and development programs to support employee growth.
5. Clear and transparent promotion criteria linked to appraisal results should be documented and effectively communicated to all employees.
6. The grievance redressal mechanism should be actively promoted to improve employee awareness and encourage its utilization.

IX. Conclusion

This study analyzed the performance appraisal system at Heritage Foods Pvt. Ltd., focusing on employees' perceptions of fairness, transparency, and developmental



effectiveness. It aimed to understand how appraisal practices were experienced across different job levels and educational backgrounds within the organization. Using a quantitative research approach, data were collected from 100 employees through a structured questionnaire, allowing for a systematic evaluation of appraisal-related attitudes. The study covered key aspects such as appraisal methods, communication practices, and the perceived connection between performance evaluation and organizational rewards.

The results indicate that employees generally perceive the appraisal system as moderately fair, with constructive feedback identified as a major strength. However, areas such as transparency and the direct linkage between appraisal outcomes and rewards require improvement. The existing system is largely based on annual, supervisor-driven evaluations, reflecting traditional practices. At the same time, employees showed a strong preference for more participative approaches, including multi-rater or 360-degree appraisal systems. These findings highlight a gap between the intended design of the appraisal system and employees' actual experiences, suggesting the need for improvements to enhance effectiveness and employee satisfaction.

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