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Shashikesh Raj
Research Scholar, Department
of Rural Technology and
Social Development,
Guru Ghasidas
Vishwavidyalaya, Bilaspur,
Chhattisgarh, India

Prakriti Nishad
Research Scholar, Department
of Rural Technology and
Social Development,
Guru Ghasidas
Vishwavidyalaya, Bilaspur,
Chhattisgarh, India

Lokesh Kumar Tinde
Assistant Professor,
Department of Rural
Technology and Social
Development, Guru Ghasidas
Vishwavidyalaya, Bilaspur,
Chhattisgarh, India

Abhijeet Kumar Pandey
Human Resource Generalist,
Department of Human
Resource, DNSi, Thane,
Mumbai, India

Corresponding Author:
Shashikesh Raj
Research Scholar, Department
of Rural Technology and
Social Development,
Guru Ghasidas
Vishwavidyalaya, Bilaspur,
Chhattisgarh, India

The effectiveness of KRA-Based performance appraisal systems: An empirical study at Power Grid Corporation of India Limited, Eastern Region-I, Patna

Shashikesh Raj, Prakriti Nishad, Lokesh Kumar Tinde and Abhijeet Kumar Pandey

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Abstract

Human Resource Management (HRM) is a set of policies, processes, and practices related to managing employees within an organization. Its primary objective is the acquisition, development, motivation, and maintenance of human resources. The personnel aspect of HRM deals with recruitment, selection, training, promotion, compensation management, and productivity, while the welfare aspect focuses on employee benefits, health, safety, and improved working conditions. Furthermore, the industrial relations aspect includes union management, collective bargaining, discipline, and grievance resolution. All these aspects together play a crucial role in enhancing the effectiveness of performance appraisal and contributing to the success of the organization. This study evaluates the effectiveness of the KRA-based performance appraisal system at Power Grid Corporation of India Limited (PGCIL), Eastern Region-I, Patna, through a survey of 40 employees (60% executives, 40% non-executives). Likert-scale responses were used for 18 parameters. This research studies the performance of power grid employees. Using a Likert scale, it collected structured responses from both executive and non-executive employees across various dimensions. A detailed study of the company's performance, training, and facilities was also conducted based on structured interviews.

Keywords: HRM, KRA, Performance Appraisal, Training, Promotion

Introduction

For an organization's success, which depends on its employees, motivating them and aligning their performance with organizational goals is a primary objective of Human Resource Management (Abu-Doleh & Weir, 2007) ^[1]. Performance appraisal provides an objective assessment of employees' work, which must be kept up-to-date in accordance with current laws (Daoanis, 2012) ^[3]. In human resource management, evaluation is used for making important decisions such as layoffs, training, salary increases, and promotions. It provides guidance to underperforming employees for improvement and motivates high-performing employees (Mani, 2002) ^[5]. The performance appraisal (PA) system is a key tool of HRM, but there is no single clear criterion for measuring its effectiveness, especially in the public sector where objectives are often vague (Barbieri *et al.*, 2021) ^[2]. Well-structured performance appraisals identify employees' strengths and areas for improvement, supporting training, development, and career advancement. Furthermore, appraisal-based promotion decisions are based on merit and competence, leading to increased organizational efficiency and employee satisfaction (Osman *et al.*, 2024) ^[7]. Globally, organizations adopt performance appraisal (PA) as a crucial management tool to ensure employee commitment, which assesses the current and future usefulness of employees (Kolawole *et al.*, 2013) ^[4]. Performance appraisal is a systematic evaluation of an employee's performance over a specific period, measuring their contribution to the organization's goals. It is a key function of HRM, influencing not only increased productivity but also the employee's career progression and success (Obi, 2016) ^[6]. Participatory performance appraisals enhance employees' intrinsic motivation, facilitate information sharing, and provide an opportunity for their voices to be heard. Their effectiveness is boosted by goal setting and feedback, while a lack of training and organizational resistance can weaken their impact (Roberts, 2003) ^[8].

Research Methodology

Research methodology outlines the systematic procedures for gathering, processing, and analyzing data on the study topic, enabling critical assessment of the research's validity and reliability. This study employed a questionnaire-based approach, completed by employees and supplemented by informal discussions with PGCIL staff.

Rationale

This title captures the key elements: empirical survey-based evaluation, specific methodology (KRA-focused since 2009), location (PGCIL ER-I Patna), and organizational context, making it suitable for HR/management journals. Alternative titles could emphasize employee perceptions or the impact on productivity, given that 95% of respondents linked the evaluation to improved performance and motivation.

Sampling

This study was conducted at Power Grid Corporation of India Limited (PGCIL), Eastern Region-I, Patna. Two types of data were used in this study: primary and secondary data. Primary data was collected from 40 employees (60%

executives, 40% non-executives) of this Power Grid Corporation. Previous reports, websites of the organization, and the Internet were used for secondary data.

Preparation of Interview Schedule

This interview schedule was developed to meet the objectives of this study and utilize the Likert scale to collect data from respondents. This interview schedule was pre-tested with a few respondents. The improvements made after the pre-test were then used for primary data collection.

Interviewing the Respondents

The interviews were conducted with the respondent employees at their workplace. The interview schedule was developed in English to avoid any language problems for employees.

Results

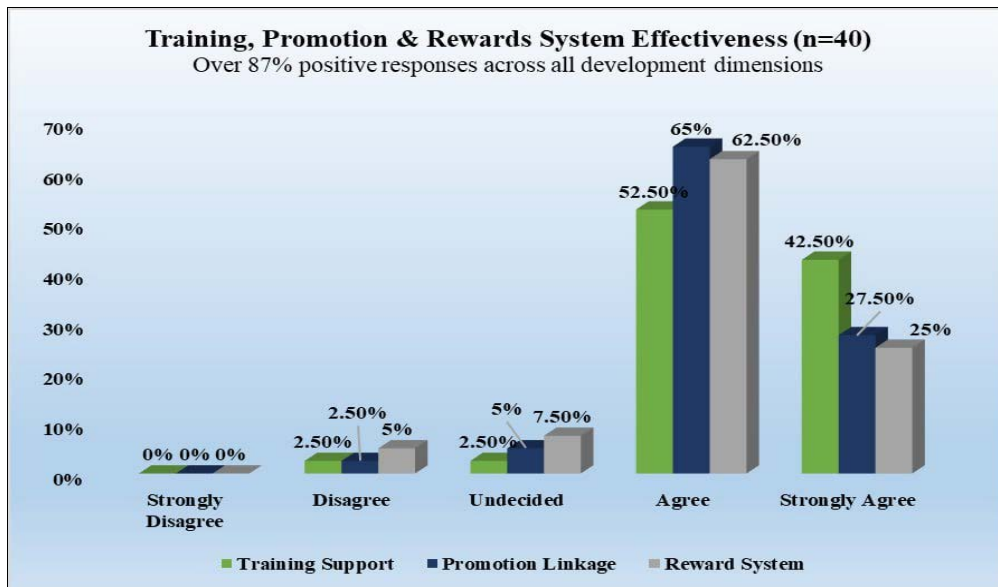
After data collection, it was entered into an Excel sheet and then analyzed using the Statistical Package for Social Sciences (SPSS). Tables and graphs were prepared and interpreted.

Table 1: Employees' Perceptions of the Performance Appraisal System

Aspects covered	(Strongly Agree + Agree %)	Explanation
Overall satisfaction	95.0%	Respondents are generally very satisfied with the system.
Fairness of the system	95.0%	The majority of participating employees described the entire process as unbiased.
Identification of training needs	95.0%	Training and skill development needs are understood and effectively addressed.
Future goals	87.5%	A significant number of undecided responses among employees indicate some lack of clarity in goal setting.
Effectiveness of performance reviews	92.5%	Employees described the performance review as an effective and reliable process.
Promotion decisions	92.5%	Respondents trust the process for making promotion-related decisions.
Compensation and rewards	87.5%	While there is high satisfaction among employees, the comparatively less strong agreement suggests that there might be some room for improvement in linking rewards.
Goal setting	92.5%	Employees reported that goals are generally clear and well-defined.
Accuracy of performance reviews	90.0%	Reviews are mostly considered accurate, although there is some uncertainty.
Quality of feedback	95.0%	Employees perceive the feedback provided through the system as constructive and useful.
Improvement in job performance	97.5%	Employees believe the system makes a significant contribution to improving job performance.
Identification of strengths and weaknesses	90.0%	Employees reported that it helps with self-assessment, although some respondents remain uncertain.
Personal development	92.5%	Employees found the system useful in supporting their personal and professional development.
Understanding organizational impact	87.5%	Respondents generally understand their roles, but communication could be improved.
Motivation	95.0%	The system significantly increases motivation among respondents.
Collaboration versus competition	95.0%	Employees reported that it promotes healthy collaboration rather than unhealthy competition.
Productivity and efficiency	95.0%	Employees emphasized the positive impact on productivity and work efficiency.
Overall rating of the process	95.0%	The evaluation methodology is widely accepted and appreciated.

Graph 1 clearly shows that employees have an overwhelmingly positive attitude towards the organization's training support, promotion linkage, and reward system structure and implementation, indicating a high level of employee satisfaction. In all three dimensions, over 87% of employees responded with "agree" or "strongly agree." No "strongly disagree" responses were recorded in any dimension, while "disagree" and "neutral" responses were very limited, reflecting widespread satisfaction. "Disagree" responses were approximately 2.5% for training support and between 2.5% and 5% for promotion linkage and the reward system, indicating very low levels of dissatisfaction. Neutral/uncertain responses were 2.5% for training support,

5% for promotion linkage, and 7.5% for the reward system, suggesting that only a small segment of employees lacked a clear opinion. The "agree" category was dominant, with 52.5% for training support, 65% for promotion linkage, and 62.5% for the reward system. Furthermore, "strongly agree" responses were recorded at 42.5% for training support, 27.5% for promotion linkage, and 25% for the reward system. Overall, support for training support is the strongest, with the highest combined percentage of "agree" and "strongly agree" responses. While promotion linkage and the reward system are also viewed positively, the intensity of support appears somewhat lower compared to training support.



Graph 1: Employees have an overwhelmingly positive attitude towards the organization's training support, promotion linkage, and reward system structure and implementation, indicating a high level of employee satisfaction

Conclusion

A digital appraisal platform will provide real-time feedback and reduce rater bias, while annual rater training and 360-degree feedback will ensure comprehensive evaluations. By transparently linking KRA scores to rewards, satisfaction can be increased to over 95%. Human resources are the organization's greatest asset, therefore, the effectiveness and transparency of the system should be enhanced by emphasizing performance evaluation techniques, development programs, and welfare measures to strengthen employee engagement. The survey results demonstrate the system's success in enhancing fairness (95%), motivation (95%), productivity (95%), and training recognition (95%) within this Maharatna PSU, while also fostering collaboration and personal development. While some areas for improvement were identified, such as understanding of rewards (87.5%) and timeliness of feedback, the overall effectiveness consistently contributes to employee engagement and goal achievement.

Recommendation

These suggestions will make PGCIL's performance evaluation system more effective.

1. Digital platforms, 360-degree feedback, and rater training will make the evaluation process fair and transparent.
2. Linking KRA scores to rewards can increase satisfaction to over 95%.
3. Promote transparency, communication, and feedback by providing training to everyone.
4. Strengthen employee engagement through welfare measures.

Limitations

1. Some employees were uncooperative and disagreed with the project.
2. The study was limited to RHQ, ER-I, Patna.
3. It primarily involved the Telecom, C&M, F&A, and HRM departments.
4. Some participants did not have complete information.

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