

# Employee Perception Towards Performance Appraisal in Tata Power

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**Abstract**—The quality of performance of an employee is a very critical role of human resource management since it is a formal way of evaluating the quality of performance of an employee. Nowadays, in the era of high rates of digitalization and the changing expectations of employees, it is the most important to understand how the workforce views these appraisals to be successful in the organization. The research paper examines the perceptions that the employees have of the performance appraisal system in Tata Power, which is one of the largest and most reputable integrated power companies in India. The research is based on the analysis of the employee reviews on such websites as Ambition Box and Indeed as well as on the official company announcements and HR programs. The analysis shows that there is a complicated terrain as the ethical brand of Tata Power and employment security are constantly applauded, but the attitudes of the staff to the very process of appraisal are largely ambivalent. Some of the most vital sources define important issues in the area of the perceived bias, slow career development, and the lack of correspondence between the proclaimed transparency in the company and the state of things on the ground, which the employees have to face. Comparing the official HR policies with the sentiment of the grassroots employees, this paper will give an overall and balanced picture of the effectiveness of Tata Power performance management system and will shed some light regarding the challenges and opportunities that await.

**Index Terms**—Performance Appraisal, Employee perceptions, Tata power, performance management system, employee satisfaction, career development, human resource practices.

## I. INTRODUCTION

Performance appraisal also known as performance evaluation or review is a gradual and regular process that evaluates the job performance and the productivity of an individual employee against some

of the previously set standards and organizational goals. It is one of the foundations of human resource management in the modern day that has a bearing in key decisions regarding promotions, compensation, training needs, and succession planning. Yet, any appraisal system has not only its structural design but also the impact of its strategic intent of the management which defines the efficacy of such a system. These perceptions of the employees subjected to it have a tremendous effect on its ultimate success. When employees feel that the system is not right, is unfair, biased or even opaque, then it may result in the opposite effect that is, demotivation, lack of engagement and increase in attrition thus replacing the whole purpose of the exercise.

This paper is based on Tata Power, which is a flagship company of the Tata Group and a representative of Indian power industry. Having more than 23,000 employees, a record of innovations in its HR practices such as the use of the so-called Pepex (People Index) in 2006 to calculate the performance of managers on people scales and the Tata Reflections 360-degree feedback tool, Tata Power is a fascinating object of study. The company has clearly stated its belief in fair, transparent, and competitive process of appraisal, which helps to recognize excellence, promote growth, and identify with its core values of ethics and innovation.

Although these are progressive policies and the employer brand is known as the Most Attractive Employer Brand in India in 2023, when considering the actual grassroots employee feedback closer, it turns out that the story is not always as smooth. This dichotomy is the target of this paper where the main question is How do employees at Tata Power see the performance appraisal system? It tries to go beyond the formal communications to find out what the

workforce actually goes through and what aspects of the managerial desire and the perceptions of the workforce are agreeable or not.

## II. LITERATURE REVIEW

The theoretical framework on which this study is based is based on years of research on organizational behaviour. The Expectancy Theory by Vroom (1964) concludes that employees get motivated when they perceive that good performance will result in organizational rewards (instrumentality), that organizational rewards will be personally valuable (valence), and that their effort will result in good performance (expectancy). The most important mechanism that creates this instrumentality link is performance appraisal. When the employees feel that the appraisal system does not adequately transform the performance into rewards, then they will lack the incentives to work hard.

Moreover, the article by Greenberg (1986) on justice in the organization assumes that the perception of fairness in employees is multidimensional. Distributive justice is the judgment of fairness of received results (e.g., salary increase, promotion). Procedural justice deals with the perceived equity of the means and the modes through which such outcomes are decided. Interactional justice deals with how well the employees are treated by other people including the managers during the implementation of procedures like the way the managers communicate with the employees and the way they provide feedback to them during the appraisal discussion. Any of these dimensions of justice perceived to be lacking may attract undesirable responses to the appraisal system, irrespective of the actual performance.

Relating to the Indian power sector, Chopra et al. (2017) study of Tata Power Delhi Distribution Limited revealed the implementation of advanced performance management instruments such as the Balanced Scorecard (BSC) to create a connection between organizational strategy and performance metrics. Even though this kind of tools are designed to develop an objective framework, these tools are implemented at the discretion of the human. Newer remarks by the HR management of Tata Power also admit the change in the sector towards the adoption of sophisticated

digital technologies and AI-based workforce analytics to improve transparency and forecast skill shortages, implicitly acknowledging the necessity to modernize and de-bias the conventional appraisal approaches. This literature highlights the fact that although companies can possess powerful systems, the test of the effectiveness of the companies is subjective perceptions of procedural and interactional justice by the employee base.

## III. RESEARCH METHODOLOGY

The research design used in this study is a qualitative research design which is based on secondary data analysis. This method was selected to achieve a detailed and sensitive insight into how the employees felt using their own words, and not through the structured approach of a fixed questionnaire survey.

### A. Research Objectives

1. To establish the major themes in the perception of employees towards the performance appraisal system at Tata Power.
2. To examine the perceived strong and weaknesses of the appraisal process.
3. To juxtapose HR official policies with the experience of the employees.
4. To determine the perceived relationship between performance appraisal, career development, and payment.

### B. Hypothesis

Based on the review of literature and the research objectives outlined above, the following hypotheses have been formulated. A hypothesis is a well-reasoned proposition in response to a research question that can be tested to be confirmed or disproven through research. For this study, which examines employee perceptions at Tata Power, the hypotheses are structured around the key themes that emerged from the literature review.

- H<sub>1</sub>: There is a significant relationship between perceived transparency of the appraisal process and employee satisfaction with the performance appraisal system at Tata Power.
- H<sub>2</sub>: Perceived bias in the performance appraisal process negatively affects employee trust in the overall Performance Management System at Tata

Power.

- H3: There is a positive relationship between the quality of manager-employee communication during appraisals and employee perceptions of fairness at Tata Power.
- H4: Employee perceptions of career growth opportunities are positively correlated with their satisfaction with the performance appraisal outcomes at Tata Power.
- H5: There is a significant difference in perception of the performance appraisal system between employees at different hierarchical levels within Tata Power.

#### C. Data Collection

The main sources of data that will be used in this paper are publicly available, recent employee reviews (in the last year) on two notable jobs and career intelligence websites: Ambition Box (with more than 1,800 Tata Power reviews) and Indeed (with more than 230 Tata Power reviews). These websites provide an abundant source of unsolicited comprehensive employee feedback in different designations, different locations, and length of service. Moreover, official comments, press conferences with HR managers and press releases of the company helped to define the official position on the performance management.

#### D. Data Analysis

Thematic analysis was applied to the textual data collected regarding the reviews of the employees. It entailed intensive analysis of the reviews to pinpoint, analyze and present uniform patterns (themes) in the data. Certain remarks that related to appraisal, performance review, PMS, promotion, pay increment, growth and fairness were identified and grouped together to form a coherent image of how employees would consider the situation. The originality of the feeling is retained by direct quotes.

### IV. ANALYSIS & DISCUSSION

The review analysis of the employee reviews shows that there is a fixed dichotomy. One the one hand, there is an enormous trust and loyalty of the Tata brand. Conversely, the mechanics of the performance appraisal system have caused a lot of frustration to a large proportion of the workforce. This complex perception is broken down into the following sections.

#### A. The Tata Brand: A Foundation of Trust and Security

Another prevailing theme in most of the employee reviews is the ingrained respect towards the ethical culture and values of the Tata Group. This is one of the main reasons that employees have given to work and stay in the company. This good brand image sets the high level of goodwill, which the company utilizes in ensuring the workforce is always motivated despite their perception towards other areas as wanting.

Numerous reviews underline the evidence of employee welfare within the company, indicating that there are a lot of various policies aimed at the support of the workforce. The cooperation and teamwork of the employees is also often mentioned, and the workers speak about a favourable and supportive workplace. Moreover, work-life balance becomes a major strength as most of the employees were happy with their option to balance both their professional and personal duties.

This feeling has been supported by the fact that Tata Power is in the list of the top attractive employers as the Best Employer Brand 2023 in Randstad Employer Brand Research as it has been rated high in terms of financial stability, positive image, and promotions. This good macro-perception is congruent to the stated philosophy of the company of empowering employees by giving them learning opportunities and creating an inclusive culture.

#### B. The Appraisal Paradox: Transparency Claimed vs. Bias Perceived

The most prominent outcome of this study is the contrasting difference between the proclaimed transparency and inclusivity of the appraisal process of the company and the sizeable portion of the employee voices, which characterize the process as discriminatory and opaque.

Table 1: Employee Perceptions of Appraisal Fairness

| Theme                | Summary                                                                   |
|----------------------|---------------------------------------------------------------------------|
| Allegations of Bias  | Belief that personal connections influence ratings more than performance. |
| Unfair Ratings       | Perception that ratings do not consistently reflect actual performance.   |
| Lack of Transparency | Unclear how ratings translate into salary hikes and promotions.           |

These accusations are directed at the perceived failure in both procedural and interactional justice, that is, the system is not applied evenly, and decisions are made without communication. These perceptions are especially harmful as they hit straight to the instrumentality belief of Expectancy Theory. When the employees develop a perception that personal relationship is more significant than performance in the reward process; then the motivational effectiveness of the appraisal system will be greatly compromised.

#### C. Career Growth and Compensation: The Core Grievance

A quantitative rating analysis conducted by employee review websites shows that there is an obvious trend. As job security has high ratings, the lowest rated categories of Tata Power are promotions and salary. This fact is important because it shows that a part of the workforce is being held in a trap where they are comfortable in the fact that they know they have secure jobs, but the career is not advancing at a pace that they are content with.



Fig 1: Employee Rating Breakdown

Such is the feeling that is reiterated in employee stories. The performance management system that is internally referred to as the appraisal system is commonly directly involved in this stagnation. Some people see this as a slow, bureaucratic process that is not linked to tangible rewards. Workers often rate their rate of increase and increment against the industry rates negatively and have a feeling that they are not compensated well enough in relation to their contribution and their skills are not well compensated by the market.

These remarks demonstrate a severe lack of contact. Although the company emphasizes the career progression opportunities as one of the major components of its Employee Value Proposition, the practical experience of a substantial portion of the employees indicates that career progression opportunities are not happening or are shared unequally. Such disparity between the external and internal branding of the company and the reality in which the workforce operates is a threat to the sustainability of employee engagement and retention in the long term.

#### D. The Management Factor: Bridging the Gap or Widening It?

Immediate supervisors and middle management also play a vital role during the process of appraisal. They turn out to be the main channels of feedback, and the interactional justice of the system is in their hands. Ratings on the management side are extremely polarized thus making the perception environment tougher.

Table 2: Polarized Perceptions of Management

| Perception Type | Employee Feedback Summary                                            |
|-----------------|----------------------------------------------------------------------|
| Positive        | Management described as good, polite, cooperative, and approachable. |
| Negative        | Management seen as aged, disconnected, and lacking clear direction.  |

This polarization indicates that a lot of dependence on the employee experience is placed on the department, place or reporting authority. A competent and involved manager will be able to cushion the worker against the defects in the Performance Management System that were inherent in the system and will be able to make clear feedback to the worker, champion his team and make sure the process is fair. On the other hand, an incompetent or uninterested manager may further exaggerate the downsides, and the process may seem arbitrary, subjective and very de-motivating. This disparity is a significant setback to the role played by Tata Power human resource since it makes it difficult to develop a consistent positive employee experience within the organization.

## V. FINDINGS

According to the thematic analysis of the employee perception data, the following are the major findings that have been identified with respect to the performance appraisal system at Tata Power:

### 1. Strong Brand Equity as a Buffer:

The goodwill of employees by the Tata brand is a huge reservoir of goodwill due to the good ethical reputation and high job security. This tends to cushion dissatisfaction with the appraisal system to go into mass attrition, at least in the short run.

### 2. Pervasive Perception of Bias:

When it comes to the point that many employees review is perceived to be based on merit rather than being purely based on merit, that is considered critical mass of employee reviews. There are claims of favouritism and a feeling that the performance management system is affected by personal relations and this affects the credibility of the performance management system.

### 3. Systemic Disconnect Between Performance and Rewards:

The employees feel that there is a loose connection between the performance ratings and the performance results which translate into tangible results in the form of salary increment and promotions. This lack of instrumentality is huge demotivator and is directly opposite to the objectives of the company, which were to reward excellence.

### 4. Significant Variance in Managerial Quality:

The quality of the experience of the employees varies dramatically throughout the organization. The quality of the immediate manager has a disproportionate influence on perceptions of fairness and satisfaction meaning there should be increased rigorous and uniform manager training on appraisal and feedback.

### 5. Erosion of Trust in Procedural Justice:

Although on paper there is claimed transparency of the process, employees say that there is no clarity, especially when it comes to the process of translating the ratings to correct salary and career development. The resulting mistrust and speculation of prejudice and injustice is generated by this perceived absence of transparency.

### 6. Misalignment Between Employee Value Proposition and Reality:

Although the official Employee Value Proposition of the company majorly emphasizes on career development, ratings of the company on employee promotions are lowest compared to all groups. This shows a harsh dissonance between the branding of the company externally and the reality that is in it that its employees undergo.

## VI. CONCLUSION AND RECOMMENDATIONS

In this research paper, an effort was made to investigate the perception of the Tata Power employees towards the performance appraisal system. The results are a complicated and a bit contradictory image. Tata Power has been able to develop a strong employer brand that deals with ethics, values, and security, which is deeply intertwined with the employees. Nevertheless, this good halo is being somewhat eroded by a performance appraisal system that is growingly viewed by a large percentage of the workforce as biased, not transparent and not much connected to career development and remuneration.

The fact that the company itself has its own ambitions to implement digital technologies and artificial intelligence in the human resources processes also implies that the company realizes the necessity of change and modernization. Tata Power needs to bridge the gap of trust that has developed by taking policy to action to ensure that employee perceptions are harmonized with its professed belief in fairness and excellence. It is suggested that the following recommendations are based on this study findings:

- Enhance Procedural Transparency:

The company ought to engage in practical actions towards demystification of the relationship between performance ratings and compensation or promotion decisions. Organization-wide rubrics and frequent communication campaign can be used to restore employee confidence in the instrumentality of the system.

- Implement Robust Check-and-Balance Mechanisms:

To address the view of bias and favouritism, Tata power can set up initiatives like compulsory calibration of the managers whereby they have to

explain their ratings to a group of colleagues or top-level managers. The review process could also include confidential skip-level meetings, which could give the employees another avenue of expressing their concerns.

- Upskill Managers as Coaches:

Since managers play a crucial role in developing employee perceptions, there should be a great deal of investment in developing them as coaches and mentors, as well as as evaluators. They should be prepared with the expertise of giving hard talks and offering constructive and frequent feedback and be able to defend their team members in an equitable manner.

- Close the Employee Value Proposition-Reality Gap:

The firm shall have to carry out internal audit of the career advancement schemes. In the event it should purport to provide career growth opportunities, it should make sure that high-performing employees, particularly those who are in the lower and middle management, can observe and reach an obvious, merit-based career development. It might need reconsideration of promotion schedules and standards. Summing up, the performance appraisal system in Tata power is at a crossroad. Whether it will be effective in the future will rely on how it can be able to balance its successful, value-oriented culture with the demands of the modern workforce to have radical transparency, procedural fairness, and proven meritocracy. The technology and the mentioned purpose are available. The difficulty now would be in uniform implementation within the organization and in achieving the challenge of overcoming the trust gap that has cropped up between them and their own.

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