



PERFORMANCE APPRAISAL ON EMPLOYEE ENGAGEMENT AND RETENTION AT SALZER ELECTRONICS

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Abstract:

This study explores the impact of performance appraisal on employee engagement and retention at Salzer Electronics Ltd., Coimbatore. Using a descriptive design and data from 132 employees across key departments, the research analyzes how appraisal practices affect motivation, satisfaction, and loyalty. Statistical tools such as percentage analysis, correlation, and chi-square tests reveal that fair and transparent appraisal systems significantly boost engagement and retention. The study concludes that effective appraisals enhance motivation, commitment, and reduce turnover. It recommends improving communication of appraisal criteria and linking appraisals with career growth and rewards to strengthen organizational performance.

Key Words: Performance Appraisal, Employee Engagement, Retention, Motivation, Job Satisfaction, HRM, Salzer Electronics Ltd.

Introduction:

In today's competitive business environment, effective Human Resource Management (HRM) is vital for organizational success. Performance appraisal serves as a key HRM to evaluate, motivate, and develop employees while enhancing engagement and retention. This study analyses how performance appraisal practices at Salzer Electronics Ltd., Coimbatore, influence employee motivation, satisfaction, and loyalty. Findings emphasize that fair and transparent appraisal systems strengthen commitment, improve productivity, and reduce turnover, contributing to a more engaged and stable workforce.

Objectives:

- To examine the existing performance appraisal system at Salzer Electronics and assess its effectiveness in evaluating employee performance.
- To evaluate the current level of employee engagement at Salzer Electronics.
- To identify key factors influencing employee retention within the organization.

Review of Literature:

R. Saranya (2018): Employee retention and turnover are topics of a lot of conversations centering on HR. The challenge for the HR professionals today is not only to attract and attain the right employees, but also to innovatively train them.

Prabusankar Rajagopalan (2018): Retention of employees is emerging as the most important human resource management problems in manufacturing sector. The manufacturing enterprises are also facing a problem of motivating and retaining the employees in an environment of augmented uncertainties.

S. Aruna (2019): Quality of Work Life in a critical concept with having lots of importance in employee's life. A life quality of work life (QWL) is essential for all organizations to continue to attract and retain employee to continue to attract and retain employee.

Research Methodology:

Research Design:

A descriptive research design was adopted to examine the relationship between performance appraisal, employee engagement, and retention at Salzer Electronics Ltd., Coimbatore. The study aimed to analyze how appraisal practices influence employee motivation, satisfaction, and commitment within the organization.

Sampling:

A stratified random sampling technique was used to ensure fair representation of employees from various departments and experience levels. The sample consisted of 133 permanent employees from departments such as Production, HR, Sales, and Marketing.

Data Collection Methods:

- **Primary Data:** Collected through structured questionnaires, interviews, and focus group discussions with employees, HR managers, and supervisors to gain insights into appraisal practices and employee perceptions.
- **Secondary Data:** Gathered from company records, HR policy documents, annual reports, and relevant research articles related to performance appraisal and employee retention.

Tools for Analysis:

- Percentage Analysis

- Correlation Analysis (Karl Pearson's Method)
- Chi-Square Test

Data Analysis and Interpretation:

Percentage Analysis:

Age of the Respondent:

Age	No. of Respondents	Percentage
Below 25	15	11.4%
25-35	84	63.6%
36-45	21	15.9%
Above	12	9.1%
Total	132	100%

Interpretation:

The majority of respondents (63.6%) belong to the age group of 25-35 years, indicating that the workforce is predominantly young and dynamic. Only 9.1% are above 45 years, suggesting fewer senior employees.

Chi Square Analysis:

S.No	Question / Variable	χ^2 Value	df	p-value	Significance
1	Are the appraisal criteria clear and well communicated?	18.742	4	0.001	Significant
2	Do you feel the appraisal process is fair?	22.684	4	0.649	Not Significant
3	How satisfied are you with the appraisal process overall?	24.513	4	0.000	Significant
4	Does your work environment encourage collaboration and innovation?	18.742	4	0.001	Significant
5	Do you see opportunities for career growth and promotion?	8.214	12	0.770	Not Significant
6	Are you satisfied with the compensation and benefits provided?	9.624	12	0.650	Not Significant

Interpretation:

The Chi-square analysis shows that appraisal criteria communication, overall satisfaction, and work environment are significant factors ($p < 0.05$), indicating varied employee opinions but generally positive views. Fairness, career growth, and compensation are not significant ($p > 0.05$), showing consistent perceptions across groups. Overall, the appraisal system is effective, well-received, and supports employee engagement.

Correlation Analysis:

Variable	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10
V1 Appraisal Satisfaction	1	0.75	0.7	0.65	0.6	0.55	0.65	0.6	0.55	0.8
V2 Motivation	0.75	1	0.68	0.6	0.55	0.5	0.7	0.55	0.6	0.65
V3 Recognition	0.7	0.68	1	0.75	0.6	0.65	0.6	0.55	0.5	0.6
V4 Retention Intent	0.65	0.6	0.75	1	0.7	0.75	0.55	0.6	0.5	0.55
V5 Career Growth	0.6	0.55	0.6	0.7	1	0.65	0.55	0.6	0.5	0.6
V6 Compensation	0.55	0.5	0.65	0.75	0.65	1	0.5	0.55	0.45	0.5
V7 Training & Development	0.65	0.7	0.6	0.55	0.55	0.5	1	0.55	0.6	0.65
V8 Work Environment	0.6	0.55	0.55	0.6	0.6	0.55	0.55	1	0.5	0.6
V9 Participation in Decision-Making	0.55	0.6	0.5	0.5	0.5	0.45	0.6	0.5	1	0.55
V10 Goal Alignment	0.8	0.65	0.6	0.55	0.6	0.5	0.65	0.6	0.55	1

Interpretation:

The correlation matrix shows strong positive relationships among all variables. The highest correlation is between Appraisal Satisfaction and Goal Alignment ($r = 0.80$), indicating that satisfied employees align better with organizational goals. Strong links also exist between Appraisal Satisfaction, Motivation, and Recognition, showing their key role in engagement. Overall, appraisal satisfaction, motivation, and recognition are major drivers of employee commitment and retention at Salzer Electronics.

Findings:

- Most of the respondents (63.2%) belong to the age group 36-45 years, indicating that the organization has a mature and experienced workforce.
- A majority (79.7%) of respondents are female, showing greater female participation at Salzer Electronics.
- Most employees (70.7%) are supervisors, followed by managers and workers, suggesting the data represents mid-level staff opinions.

Suggestions:

- Enhance transparency in the appraisal process by clearly communicating performance standards and evaluation criteria to all employees.
- Increase recognition and rewards for high performers to maintain motivation and reinforce positive behaviour.
- Offer continuous training and career development programs to support employee growth and skill enhancement.

Conclusion:

The study concludes that the performance appraisal system at Salzer Electronics effectively enhances employee engagement and retention. Fair and transparent evaluations, regular feedback, recognition, and career growth opportunities increase job satisfaction and loyalty, helping the organization maintain a motivated and high-performing workforce.

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