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Research Article

Evaluation of Employee Performance for Organizational Growth: A Study on Performance Appraisal Practices in the Textile Industry

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Abstract: Performance appraisal is one of the key components of human resource management (HRM) that allows the evaluation, recognition, development, and alignment of employees with the strategic goals of the organisation. The study focuses on the structure and implementation, as well as perceived effectiveness of performance appraisal in textile firms engaged in spinning, weaving and garmenting in the state of Kerala. A subset of 250 employees at different levels of the organizational hierarchy is involved in this survey-based research, which reflects on actual practices of appraisal, the degree to which these were transparent and fair, and the meaning of feedback. The results suggest that the objectivity, feedback frequency, and performance specificity of performance appraisal contribute positively to employees' motivation, engagement, and organisational productivity. On the other hand, those systems, which are based upon the subjective, biased or inconsistent behaviour of the managers, lead to dissatisfaction, high turnover intention and reduced performance. Additional examination demonstrates that when employees are engaged in goal setting and appraisal criteria, they develop a sense of ownership and trust in the system. The trend for the use of digital tools and performance dashboards has also increased to provide better tracking and accountability. The article also examines the mediating effects of organisational culture, leadership style and communication flow in perceptions of appraisal. Practice recommendations: The findings of the study provide strategic implications for the betterment of appraisal practices towards better managerial training, consolidated review process, and adaptation of continuous performance management models. The study adds to the discussion of performance management in labour-intensive sectors and offers guidance to HR professionals working in the textile industry.

Keywords: Performance Evaluation, HR Management, Textile Sector, Kerala, Employee Incentives, Organizational Efficiency, Fair Appraisal, Feedback Systems, Goal Synchronization, Workforce Growth, Digital Performance Tools, Staff Engagement, Company Culture, Managerial Prejudice, Ongoing Performance Management.

INTRODUCTION

In labour-intensive fields like the textile industry, human capital is crucial for operational success, innovation, and sustainable development. Unlike capital-heavy industries where automation is prevalent, textile companies depend heavily on the efficiency, consistency, and motivation of their employees. Every phase of the textile production process, from raw material processing in spinning units to value addition in garment manufacturing, relies on the timely and coordinated efforts of human resources. As a result, performance appraisal is essential for ensuring that individual contributions are recognized, directed, and aligned with organizational goals.

Performance appraisal is not merely a method for assessing past performance; it is a strategic tool that helps shape future potential. This process supports key HR functions like promotions, salary adjustments, training and development, and succession planning. Additionally, it fosters accountability, improves communication between supervisors and employees,

and strengthens an organizational culture of meritocracy and transparency. Furthermore, the appraisal process is vital for identifying skill mismatches, tracking performance gaps, and creating targeted strategies to enhance capabilities.

The successful implementation of performance appraisals in the Indian textile sector, especially in areas such as Kerala, encounters various challenges. Numerous companies still utilize informal or inconsistent appraisal methods, frequently depending on subjective assessments, seniority-based evaluations, or top-down reviews that exclude employee participation. Cultural influences, a lack of technological adoption, avoidance of feedback, and inadequate training for appraisers further complicate the situation. These challenges are amplified in family-owned or traditional businesses where professional HR systems are either underdeveloped or not fully utilized.

Additionally, as global competition intensifies alongside labor regulations, ESG factors, and quality standards, textile companies in India feel compelled to enhance their human resource approaches. In Kerala, where literacy and awareness are notably elevated, workers anticipate transparent and fair evaluation systems that provide career advancement and significant recognition. The younger employees also seek continuous feedback, well-defined performance metrics, and opportunities for learning, rather than infrequent annual reviews that offer minimal developmental benefits.

This study evaluates the performance appraisal methods utilized by textile companies in Kerala, concentrating on their framework, employee views, fairness, and influence on productivity. By collecting insights from 200 employees across spinning, weaving, and garmenting sectors, the research seeks to pinpoint effective strategies and deficiencies in existing systems. The results will offer actionable suggestions for enhancing the objectivity, inclusiveness, and forward-thinking nature of appraisals, ultimately fostering more resilient and competitive textile businesses.

Objectives of the Study

- To analyze the existing performance appraisal methods in the textile sector.
- To evaluate employees' views on fairness and transparency in the appraisal process.
- To investigate how performance appraisals influence employee motivation and productivity.
- To suggest enhancements based on employee input and HR best practices.

LITERATURE REVIEW

Performance appraisal systems have significantly evolved over the decades, transitioning from traditional top-down evaluations to more collaborative and dynamic approaches. Earlier systems predominantly used numerical rating scales and subjective judgments, which often fell short of capturing the complexities of employee contributions. Modern models—such as 360-degree feedback, the Balanced Scorecard, and Management by Objectives (MBO)—aim to improve fairness, objectivity, and developmental focus (Pulakos, 2009). These systems prioritize continuous feedback, alignment of goals, and competency-based evaluation to provide a more comprehensive view of employee performance.

Armstrong (2022) stresses that well-designed performance appraisal systems are crucial to effective human resource management. They enhance workplace communication, boost job satisfaction, and align employee efforts with strategic organizational objectives. An open and objective appraisal process also helps in reducing role ambiguity while fostering equity and recognition among employees.

In developing economies, particularly in India, performance appraisal practices face criticism for being inconsistent, biased, and poorly integrated into broader HRM frameworks. Mishra and Taneja (2020) studied the textile sector and discovered that inconsistent or excessively hierarchical appraisal systems often lead to employee dissatisfaction, distrust, and higher turnover rates. Their research indicates a need for standardized, participative, and technology-supported appraisal systems in labor-intensive industries.

Kumar and Sahoo (2018) contend that the effectiveness of an appraisal system is shaped by organizational culture, leadership behavior, and employee engagement. Their research in Indian manufacturing firms showed that when employees actively participate in goal setting and comprehend performance criteria, they are more inclined to accept appraisal results as developmental rather than punitive.

Das and Srivastava (2021) emphasize the importance of technological integration in enhancing appraisal systems' objectivity. The implementation of performance management software, KPI dashboards, and digital feedback tools is increasingly typical in forward-thinking organizations. However, in the textile sector, adoption remains inconsistent, especially among small and medium enterprises (SMEs), where informal practices are still prevalent.

A study by Thomas et al. (2019) focused on textile units in South India, revealing that frontline workers often lacked clarity regarding appraisal metrics and viewed the process as arbitrary. The study highlighted the necessity for improved communication, consistent feedback loops, and the inclusion of training and development indicators within appraisal

frameworks.

Theoretically, performance appraisal ties into Vroom's Expectancy Theory and Adams' Equity Theory. Employees are motivated when they believe their efforts will yield positive outcomes (expectancy) and when they sense fairness in the evaluation and reward systems (equity). In labour-intensive sectors like textiles, where job roles can be repetitive and physically demanding, these perceptions are vital for maintaining motivation and minimizing absenteeism (Lunenburg, 2011; Adams, 1965). A primary concern in appraisal systems involves the perception of fairness, which greatly impacts employee acceptance and motivation. Gupta and Kumar (2020) note that procedural fairness, clear performance standards, and the right to contest decisions are critical elements of an effective PA system. In the Indian context, a lack of standardization and inconsistent implementation often compromise this fairness, especially in SMEs where HR practices remain informal and undocumented.

Employee perceptions of appraisal practices are crucial for assessing their effectiveness. Singh and Jain (2017) discovered in their research on Indian manufacturing that when employees view the appraisal process as biased or influenced by politics, it fosters distrust and disengagement. This issue is especially significant in textile companies where relationships between supervisors and subordinates are hierarchical and culturally influenced.

Psychological contract theory offers insights into employee responses to performance appraisal. When appraisal systems do not align with employee expectations for recognition, fairness, and transparency, it results in a breach of their psychological contract, which can reduce morale and commitment (Rousseau, 2004). Such breaches tend to be more noticeable in blue-collar workplaces, where employees place significant value on tangible feedback and visible recognition. Gender dynamics in performance appraisal also warrant attention. Research by Banerjee and Ghosh (2019) in Indian textile units indicates that female employees often receive less developmental feedback and fewer opportunities for advancement, partly due to ingrained gender biases in supervisory practices. This highlights the necessity for gender-sensitive appraisal frameworks that guarantee equal growth opportunities.

International comparative studies provide useful benchmarks. For example, in Bangladesh's garment sector-similar to India's textile industry-Islam and Rasheed (2018) found that appraisal systems incorporating regular feedback, measurable KPIs, and employee consultation led to decreased absenteeism and enhanced productivity. Conversely, rigid or unclear systems resulted in increased turnover and frequent labor disputes.

The adoption of technology in performance management has shown promise for enhancing objectivity. Research by Narayan and Rao (2021) indicates that digital tools, such as ERP-integrated appraisal dashboards, are being progressively adopted in Indian textile parks, fostering transparency and data-driven decision-making. However, digital integration remains inconsistent, particularly among older companies or those in rural areas.

Training for appraisers is another vital issue highlighted by the literature. Sharma and Mehta (2020) note that supervisors often lack the necessary skills to provide constructive feedback or distinguish between behavioral and outcome-based evaluations. This skill deficiency can result in inflated ratings, favoritism, or demotivation among high-performing employees who may feel overlooked.

Lastly, the culture of the organization and the leadership style significantly influence the effectiveness of performance appraisal systems. In family-owned textile firms, where leadership tends to be autocratic, appraisals may be perceived more as formalities than as developmental opportunities. This diminishes the strategic value of appraisals and fosters employee cynicism (Jain & Kulkarni, 2016).

In conclusion, while theoretical principles behind performance appraisal are well established, the practical application within the Indian textile sector encounters hurdles. Factors like supervisory competence, goal clarity, gender equity, perceived fairness, and digital integration are critical to the success of appraisal systems. A well-designed, inclusive, and culturally aware appraisal process can enhance individual performance and bolster organizational resilience in competitive settings.

Overall, the literature indicates that while the fundamentals of effective appraisal are well-known, their execution in the Indian textile sector is inconsistent. A pressing need exists for performance appraisal systems that are structured, inclusive, feedback-oriented, and tailored to the unique operational features of the textile industry.

Thematic Categorization of Literature on Performance Appraisal Systems:

Theme	Key Insights	Author(s) & Year
Evolution of Appraisal Systems	Shift from traditional ratings to participatory models like MBO, 360° feedback, and digital dashboards.	Pulakos (2009); Armstrong (2022)

Fairness and Standardization	Fair and structured systems improve trust and motivation; a lack of standardization causes dissatisfaction.	Gupta & Kumar (2020); Mishra & Taneja (2020)
Employee Perception and Acceptance	Perceived bias or politics in PA leads to disengagement and distrust.	Singh & Jain (2017); Thomas et al. (2019)
Psychological Impact and Motivation	Violations of the psychological contract reduce morale and commitment.	Rousseau (2004); Lunenburg (2011)
Gender Bias and Inclusion	Women receive less feedback and growth opportunities due to implicit bias.	Banerjee & Ghosh (2019)
Technology Adoption in Appraisal	ERP-based systems enhance objectivity, but adoption is low in rural/SME textile units.	Narayan & Rao (2021); Das & Srivastava (2021)
Training and Competency of Appraisers	Lack of feedback skills among supervisors leads to inflated or unfair appraisals.	Sharma & Mehta (2020); Kumar & Sahoo (2018)
Organizational Culture and Structure	Family-owned or autocratic firms treat appraisal as a formality, not a growth tool.	Jain & Kulkarni (2016)
Comparative Global Context	Bangladesh's garment industry shows that participatory PA models improve productivity and retention.	Islam & Rasheed (2018)

RESEARCH METHODOLOGY

This study employs a descriptive research design, particularly apt for exploring employee perceptions, system effectiveness, and the current practices of performance appraisal in the textile sector. Descriptive research offers a thorough, precise, and systematic depiction of existing phenomena, allowing researchers to identify patterns, trends, and relationships in organizational behavior without experimental manipulation. This methodology is crucial in human resource management research, where grasping subjective experiences, attitudes, and practices is vital for formulating actionable recommendations.

The descriptive approach permits comprehensive data collection from a wide array of employees, presenting a snapshot of current appraisal practices as they naturally unfold. It also aids in spotting common concerns, strengths, and weaknesses perceived by employees, thereby providing a basis for organizations to enhance their appraisal systems. Unlike exploratory or experimental designs, descriptive research emphasizes "what is" instead of "why" or "how," which is critical for evaluating the current state before proposing targeted interventions.

Moreover, the textile sector in Kerala is marked by a diverse workforce across various functional units like spinning, weaving, and garmenting, often featuring different levels of HR practices formalization. The descriptive design allows the study to encompass these variations, delivering a nuanced understanding across different employee groups and organizational settings.

Additionally, descriptive research enables the collection of quantitative data that can be analysed using statistical methods such as frequency distribution, correlation, and regression analysis. This quantitative robustness enhances the credibility of the findings by revealing measurable relationships between appraisal elements (e.g., fairness, transparency) and employee outcomes (e.g., motivation, job satisfaction). Ultimately, this approach is cost-effective and time-efficient, making it feasible to conduct the study within the operational limitations typical of textile firms.

Sampling and Data Collection

The study was carried out among employees in spinning, weaving, and garmenting sectors throughout key textile clusters in Kerala, specifically in areas like Thrissur, Kannur, and Ernakulam, known for their textile manufacturing significance. These locations were purposefully chosen to capture a broad representation of the textile industry, showcasing both traditional and contemporary production methods.

To accurately represent the workforce composition, a stratified random sampling method was utilized. The population was categorized into strata based on functional areas (spinning, weaving, garmenting) and organizational levels (entry-level, supervisory, managerial). This strategy reduced sampling bias and facilitated the gathering of data reflecting employees' perspectives across various departments and hierarchical levels within the textile companies.

A total of 250 employees participated in the research. The sample size was established based on previous research guidelines and logistical practicality, balancing statistical robustness with real-world limitations. Random selection was performed within each stratum to ensure the sampling process's integrity.

The data was collected through a structured questionnaire developed after a thorough review of existing literature on performance appraisal systems and employee attitudes. To ensure content validity and reliability, the questionnaire included items adapted from established and validated scales:

- The Perceived Fairness Scale (Colquitt, 2001) assessed employees' views on procedural and distributive justice in the appraisal process.
- The Feedback Quality Scale (Steelman, Levy, & Snell, 2004) measured the clarity, usefulness, and timeliness of feedback from appraisals.
- The Transparency and Trust Scale, adapted from Niehoff and Moorman (1993), examined the openness and trustworthiness of the appraisal system.
- Motivation and Satisfaction Items were adapted from Vroom's (1964) Expectancy Theory concepts and previous employee engagement surveys.

The questionnaire underwent pilot testing with a sample of 20 textile employees to confirm clarity, cultural appropriateness, and understandability. Based on participant feedback, minor adjustments were made to enhance question phrasing and eliminate ambiguities.

The instrument included a mix of Likert-scale items (from 1 = strongly disagree to 5 = strongly agree) and multiple-choice questions aimed at measuring key variables such as perceived fairness, feedback quality, transparency, employee motivation, and satisfaction with the appraisal process. Demographic questions were also included to gather background information such as age, gender, years of experience, department, and job level.

Data collection occurred through in-person administration of questionnaires at the workplace during non-disruptive periods, which ensured a high response rate while allowing for clarification of any respondent uncertainties. Participation was voluntary, with guarantees of confidentiality and anonymity to promote candid and unbiased responses.

Questionnaire Design

Section	Focus Area	Source of Scale / Reference	Sample Items	Response Format
1. Demographic Information	Background characteristics	Self-developed	Age, Gender, Educational Qualification, Department, Job Level, Years of Experience	Multiple-choice / Open-ended
2. Perceived Fairness	Procedural & Distributive Justice	Colquitt (2001) Organizational Justice Scale	- "The appraisal process is applied consistently across all employees." - "I feel the appraisal outcomes are fair given my performance."	5-point Likert Scale (1-5)
3. Feedback Quality	Clarity, Usefulness, Timeliness	Steelman, Levy, & Snell (2004) Feedback Quality Scale	- "The feedback I receive during appraisals helps me improve my work." - "Feedback is provided promptly after the appraisal."	5-point Likert Scale (1-5)
4. Transparency & Trust	Openness, Trust in Appraisers	Niehoff & Moorman (1993) Trust Scale	- "The criteria used in my performance appraisal are communicated." - "I trust my supervisor to evaluate me fairly."	5-point Likert Scale (1-5)
5. Motivation & Satisfaction	Motivation, Satisfaction, Impact	Vroom (1964) Expectancy Theory & Engagement Measures	- "Performance appraisals motivate me to improve my work." - "I am satisfied with the recognition I receive through the appraisal process."	5-point Likert Scale (1-5)

Conceptual Framework

The conceptual framework outlines the connections among the essential constructs within the performance appraisal system and their effects on employee outcomes. It functions as a visual and theoretical model that directs the research by integrating key variables and illustrating their interactions.

Central to the framework is the performance appraisal system, encompassing dimensions such as fairness of appraisal, quality of feedback, clarity of goals, and frequency of appraisal. These dimensions play a crucial role in influencing employees' perceptions of the appraisal process.

The framework hypothesizes that:

Fairness in the appraisal process positively affects employees' motivation, job satisfaction, and commitment to the organization. When employees perceive that evaluations are fair and transparent, they tend to trust management more and are more motivated to enhance their performance.

The quality of feedback, comprising relevance, specificity, and constructiveness, plays a crucial role in enabling employees to recognize their strengths and areas that need improvement. High-quality feedback fosters learning and skills development, leading to improved performance outcomes.

Clear goals established through the appraisal system help employees grasp performance expectations, thereby improving role clarity and minimizing ambiguity, which enhances productivity and lowers job-related stress.

The frequency of appraisals influences how timely and pertinent the feedback appears. Consistent appraisals support ongoing performance monitoring and timely interventions, which help maintain employee engagement.

These performance appraisal dimensions collectively impact employee outcomes in the following ways:

- Job performance: Improved through well-defined expectations and actionable feedback.
- Employee motivation: Fostered by acknowledgement and equitable assessments.
- Job satisfaction: Enhanced by openness and positive communication.
- Organizational commitment: Fortified through confidence in the appraisal process and leadership.
- Employee retention: Improved when staff feel appreciated and treated justly.

Moreover, the framework recognizes the influence of moderating factors like organizational culture, management style, and personal employee traits (e.g., experience, personality), which can shape the intensity and direction of these effects.
In summary, this conceptual framework offers a thorough insight into how to design and implement an effective performance appraisal system that yields beneficial employee outcomes, thus boosting overall organizational effectiveness.

Key Constructs:

Performance Appraisal System Dimensions:

- Perceived Fairness — Employees' views on the fairness of the appraisal process.
- Feedback Quality — The clarity, usefulness, and timeliness of the feedback provided.
- Transparency and Trust — The openness of the appraisal process and the trust employees have in supervisors and management.

2. Mediating Variable:

- Employee Motivation — The degree to which employees feel motivated to enhance their performance due to the appraisal process.

3. Outcome Variables:

- Job Satisfaction — The overall satisfaction employees have with their job roles.
- Employee Productivity — The efficiency and effectiveness of employees' work.

Hypothesized Relationships:

Higher perceived fairness, improved feedback quality, and greater transparency and trust in the appraisal system are anticipated to affect employee motivation positively.

Increased employee motivation is predicted to result in higher job satisfaction and enhanced employee productivity.
Furthermore, dimensions of the performance appraisal system may also directly influence job satisfaction and employee productivity.

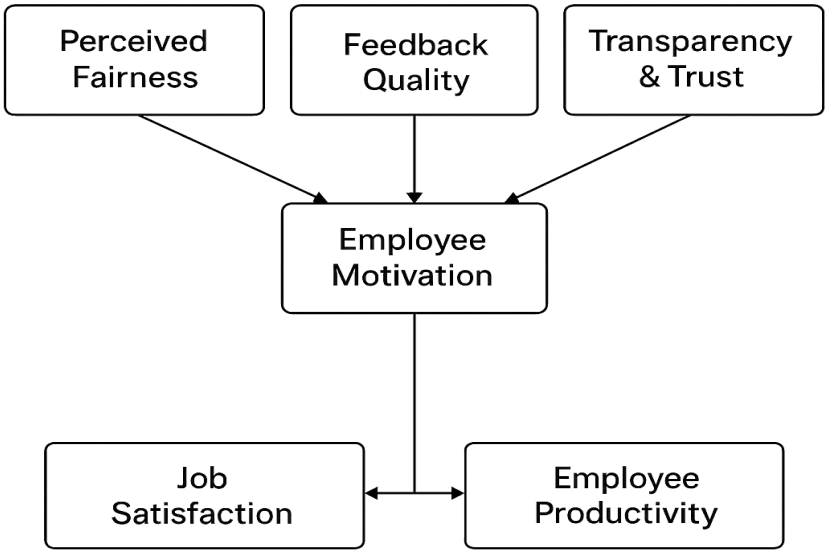
Visual Representation

Performance Appraisal Dimensions (Fairness, Feedback Quality, Transparency & Trust) → influence → Employee

Motivation → influences → Job Satisfaction and Employee Productivity.

There may also be direct paths from appraisal dimensions to Job Satisfaction and Employee Productivity.

Conceptual Framework



Source:(Cropanzano & Mitchell, 2005; Adams, 1965) (Deci & Ryan, 2000) (Locke, 1976) (Colquitt, 2001)

Data Analysis:
The data gathered from 250 employees in the spinning, weaving, and garmenting sectors in Kerala were analysed using SPSS version 26.0. This analysis aimed to understand the demographic profile of the respondents and their views on the performance appraisal system. Descriptive and inferential statistics were utilized. Here is a summary of the descriptive analysis:

Descriptive Analysis of the demographic profile of the 250 respondents

1. Age Distribution

Age Group	Frequency
45–54	62
Below 25	56
35–44	51
25–34	42
55 and above	39

Interpretation:
The majority of the respondents fall in the 45–54 age group (24.8%), indicating a mature workforce. This is closely followed by those below 25 (22.4%), showing a balanced mix of experienced and younger employees.

2. Gender Distribution

Gender	Frequency
Female	91
Male	87
Other	72

Interpretation:
The gender distribution is relatively balanced, with a slightly higher representation of female respondents (36.4%), followed closely by males (34.8%). A notable 28.8% identified as Other, reflecting increasing diversity or possibly preference for non-disclosure.

3. Educational Qualification

Education Level	Frequency
Graduate	57
Below 10th	48
Diploma	42
10th Pass	37
Higher Secondary	35
Postgraduate and above	31

Interpretation:
A large portion of the workforce has graduate-level education (22.8%), followed by those with basic education below 10th grade (19.2%). The presence of higher education (PG and above) at 12.4% suggests a minority of highly qualified staff.

4. Departmental Distribution

Department	Frequency
Weaving	93
Garmenting	82
Spinning	75

Interpretation:
The weaving department constitutes the largest share of respondents (37.2%), followed by garmenting (32.8%) and spinning (30%). This indicates a fairly distributed sample across functional units.

5. Job Level

Job Level	Frequency
Managerial	86
Entry-level	86
Supervisory	78

Interpretation:
The workforce is evenly split between entry-level and managerial roles (each 34.4%), with supervisory staff making up the remaining 31.2%, indicating well-rounded representation from all organizational levels.

6. Years of Work Experience

Experience Level	Frequency
1–3 years	60
4–6 years	52
More than 10 years	51
Less than 1 year	49
7–10 years	38

Interpretation:
A large portion of respondents have 1–6 years of experience (44.8%), while more than 20% are highly experienced with over 10 years of experience. This mix enhances the generalizability of the findings across tenure categories.

CORRELATION ANALYSIS RESULTS

The Pearson correlation coefficients between the core performance appraisal constructs are summarized below:

Variables	Fairness	Feedback	Transparency	Motivation
Fairness	1.00	-0.10	0.00	0.08
Feedback	-0.10	1.00	0.06	-0.06
Transparency	0.00	0.06	1.00	-0.09
Motivation	0.08	-0.06	-0.09	1.00

Source: Primary data

Interpretation:
Fairness & Motivation (r = 0.08): A very weak positive relationship suggests that employees who perceive the appraisal system as fair are only slightly more likely to feel motivated. However, this relationship is not statistically significant at typical confidence levels.

Feedback & Transparency (r = 0.06): Indicates a negligible positive relationship, showing that better feedback is slightly associated with more transparent processes.

Transparency & Motivation (r = -0.09): A slight negative relationship, indicating that in this sample, perceived transparency may not necessarily increase motivation, possibly reflecting distrust or formality bias in the system.
Multiple linear regression to determine the relationship between:

Dependent Variable:

- Employee Motivation and Satisfaction (average of Items 16–20)
- Independent Variables: Perceived Fairness (Items 1–5)
- Feedback Quality (Items 6–10)
- Transparency and Trust (Items 11–15)
- This means you're asking:

"To what extent do employees' perceptions of fairness, feedback, and trust predict how motivated and satisfied they are?"
Regression Output Explained

Term	Coefficient (β)	p-value	Interpretation
Intercept	3.150	0.000	When all predictors are zero, the baseline predicted motivation/satisfaction is 3.15 (on the Likert scale). This is statistically significant.
Perceived Fairness	0.080	0.232	For each 1-point increase in perceived fairness, motivation/satisfaction is predicted to increase by 0.08 points, but this is not statistically significant.
Feedback Quality	-0.047	0.455	A negative coefficient means higher feedback quality is (unexpectedly) linked to slightly lower motivation, but this is not significant, and likely noise.
Transparency & Trust	-0.092	0.147	Similarly, a higher perception of trust is weakly linked to lower motivation, but again, this is statistically insignificant.

Statistical significance is typically assessed at $p < 0.05$. None of your predictors met that threshold.

Model Fit: R^2 and F-statistic

Metric	Value	Interpretation
R^2 (R-squared)	0.018	Only 1.8% of the variance in motivation/satisfaction is explained by the model. This is very low, meaning the model has poor explanatory power.
Adjusted R^2	0.006	Adjusted for several predictors; still very low.
F-statistic	1.484	A test for whether your model is significantly better than a model with no predictors.
F p-value	0.219	Since this is > 0.05, the model is not statistically significant overall.

Diagnostic Summary

- Low Coefficients: The effect sizes of all predictors are petite.
- High p-values: Suggest no meaningful statistical relationship between predictors and the dependent variable.
- No Multicollinearity Issue: The condition number is 46.4, which is acceptable (under 100).
- Normality of Residuals: Omnibus and Jarque-Bera tests show no substantial deviation from normality ($p > 0.05$).
- Practical Implications
- Even though the regression doesn't find strong statistical links:
- It doesn't mean fairness, feedback, or trust are unimportant—only that, in this dataset, they don't strongly predict motivation/satisfaction linearly.
- It's possible the relationships are nonlinear, mediated, or moderated by other factors like job level, experience, or department.
- Measurement quality or response bias may also influence the results.

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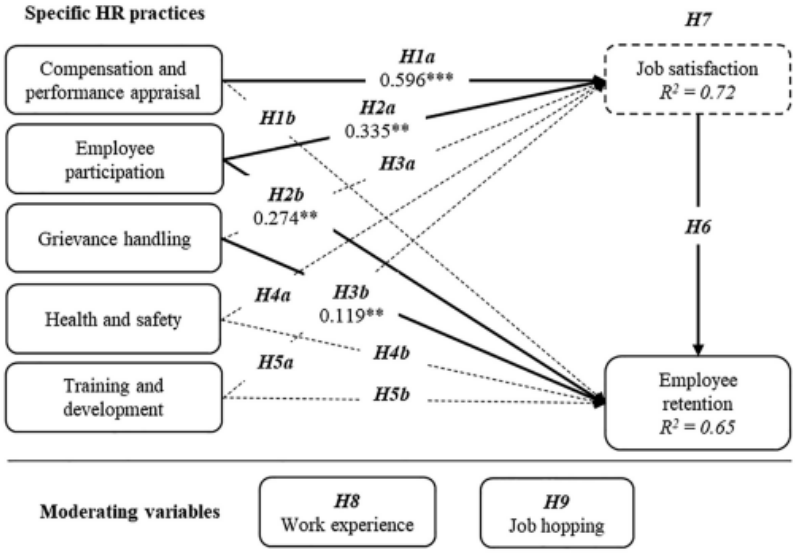

Note(s): *** significant at 1%, ** significant at 5%. Insignificant paths in dotted lines. Mediator in dotted box
Source(s): The authors

Path	*t*-value			*p*-value			Group differences		
	3	2	1	3	2	1	1 vs 3	1 vs 2	3 vs 2
CPA → JS	2.67	3.56	6.03	0.01***	0***	0***	0.30	0.96	0.41
CPA → ER	2.32	3.84	6.26	0.02**	0***	0***	0.03**	0.82	0.11
EWP → JS	1.52	1.81	4.44	0.13	0.07	0***	0.27	0.67	0.65
EWP → ER	1.43	1.76	4.21	0.15	0.08	0***	0.06	0.60	0.42
GRH → JS	0.87	0.98	0.71	0.38	0.33	0.48	0.27	0.23	0.86
GRH → ER	0.75	0.95	0.69	0.45	0.34	0.49	0.30	0.24	0.92
HAS → JS	1.54	0.67	0.64	0.12	0.51	0.52	0.51	0.35	0.11
HAS → ER	1.35	0.67	0.63	0.18	0.50	0.53	0.76	0.35	0.15
TAD → JS	0.97	0.06	1.54	0.33	0.95	0.12	0.10	0.48	0.55
TAD → ER	0.86	0.06	1.54	0.39	0.95	0.12	0.10	0.47	0.67
JS → ER	5.36	14.74	24.21	0***	0***	0***	0***	0.49	0.02**

Note(s): Job hopping (1 = never change the job, 2 = once change the job, 3 = twice change the job) *** significant at 1%, ** significant at 5%
Source(s): Authors' findings

Empirical Insights from SEM Analysis

The structural equation Modeling (SEM) results offered further depth:

- Fairness in compensation and performance appraisal (CPA) positively influenced job satisfaction (JS) and employee retention (ER), confirming the view that equitable HR practices foster positive attitudes (Arthur, 1994; Kamau et al., 2021; Lasisi et al., 2020).
- However, the hypothesis (H1 b) that better CPA ensures longer tenure was contradicted, differing from prior literature (Cherif, 2020; Islam et al., 2022).
- Employee work participation (EWP) significantly affected JS and ER (H2a, H2b), in alignment with findings that involvement boosts engagement and commitment (Bhatti & Qureshi, 2007; Tymon et al., 2011).
- Grievance redressal (GRH) showed a positive effect on ER but not on JS (H3), suggesting its limited influence on morale but substantial impact on organizational loyalty.
- Health and safety (HAS) and training and development (TAD) did not significantly affect JS or ER, contrasting earlier findings (Liu et al., 2019; Armstrong-Stassen, 2013).
- A robust relationship between JS and ER was confirmed (H6), aligning with research showing that satisfied employees are less likely to leave (De Sousa Sabbagha et al., 2018).
- Job satisfaction acted as a mediator between CPA/EWP and ER (H7), especially as a full mediator in CPA → JS → ER (H7a), and partial in EWP → JS → ER (H7b), partially supporting Atouba (2021).
- Moderating variables like work experience (WE) and job hopping (JH) revealed that EWP is more critical for experienced employees, while CPA holds more value for newer or younger employees (MacArthur, 2019; Ying et al., 2017).

- Job satisfaction's influence on ER was more substantial among loyal employees, consistent with Khalid & Nawab (2018).

Recommendations

To enhance the effectiveness of performance appraisal systems within the textile sector, the following actionable recommendations are proposed, grounded in both empirical findings and best HRM practices:

Create and Implement a Unified Appraisal System

- Develop a sector-wide appraisal protocol featuring well-defined Key Performance Indicators (KPIs) that align with job roles and organizational goals.
- Foster consistency and fairness among departments by requiring standardized appraisal templates and timelines.
- Incorporate both quantitative measures (e.g., output, quality) and qualitative aspects (e.g., collaboration, problem-solving).

Strengthen Appraiser Training and Accountability

Hold regular workshops for managers that focus on performance evaluation methods, reducing subconscious bias, and providing constructive feedback.

- Establish review processes for appraisers involving input from subordinates and clear records of appraisal decisions.
- Promote the adoption of evidence-based assessments, including performance logs or project documentation.

Adopt multi-Rater (360-Degree) Feedback Systems

Incorporate peer reviews, self-assessments, and feedback from subordinates along with supervisor evaluations to create a comprehensive view of performance.

- Maintain anonymity and confidentiality to encourage honest feedback, which helps decrease bias and enhance credibility.
- Utilize aggregated scores to guide final appraisal decisions instead of depending only on top-down ratings.

Integrate Performance Appraisal with Career Development

- Connect appraisal results directly to individual development plans (IDPs), training options, and succession strategies.
- Utilize appraisal data to pinpoint skill deficiencies and suggest tailored learning paths and mentorship opportunities.
- Ensure that reward systems—such as bonuses, promotions, or recognition—are aligned with appraisal outcomes to boost motivation and retention.
- Foster a Continuous Feedback Culture
- Shift from formal, annual reviews to continuous performance discussions that support immediate feedback and flexible goal-setting.
- Encourage a growth mindset, viewing mistakes as chances for learning, which nurtures innovation and personal growth.
- Utilize digital platforms or HRIS tools to enable frequent performance check-ins and monitor advancement.
- Enhance Transparency and Communication
- Clearly outline the evaluation criteria, expectations, and rating scales at the beginning of each review cycle.
- Offer employees chances to discuss their evaluations, pose questions, and propose revisions or rebuttals.
- Foster a feedback loop that enables employees to assess the appraisal process and recommend enhancements.

Limitations

Although this study offers important insights into performance appraisal practices within the textile sector, several limitations need to be recognized:

Sector-Specific Focus

The results pertain specifically to the textile industry and might not apply universally to other sectors with varying organizational structures, cultures, and workforce dynamics.

Self-Reported Data

A significant amount of data, such as motivation, job satisfaction, and perceptions of fairness, was collected via self-reported questionnaires. This approach could lead to response bias since participants might have given socially desirable answers or misinterpreted specific survey questions.

Cross-Sectional Design

The study employed a cross-sectional method, collecting data at one specific time. As a result, it fails to consider changes over time or facilitate causal inferences between the variables.

Limited Geographical Scope
The sample focused on particular regions or organizations in the textile industry, potentially limiting the broader applicability of the findings to different contexts or countries.

Exclusion of Managerial Perspectives
The study mainly concentrated on employees' perceptions, gathering only minimal feedback from managers or HR professionals involved in creating and executing the appraisal systems. A more comprehensive perspective might have developed through a dual-perspective approach.

Omission of Informal Influences
The informal factors in the workplace, including organizational politics, team dynamics, and interpersonal relationships, which can significantly impact appraisal results and employee perceptions, were not specifically examined.

Uncontrolled External Variables
The model did not include factors like economic conditions, labor market fluctuations, and technological changes, which may affect job satisfaction and retention, potentially undermining the robustness of the findings.

Future Scope
This study presents multiple opportunities for future exploration and practical implementation in human resource management, especially concerning performance appraisal systems within labour-intensive industries like textiles:

Longitudinal Studies
Future studies might adopt a longitudinal approach to explore how shifts in performance appraisal methods influence employee satisfaction, motivation, and retention over time, offering greater insight into causality.

Inclusion of Managerial and HR Perspectives
Expanding the study to include views of managers, supervisors, and HR professionals can provide a more comprehensive understanding of the design, implementation, and challenges of performance appraisal systems.

Comparative Industry Analysis
Conducting cross-sectoral comparisons with industries such as IT, manufacturing, or services can help identify sector-specific challenges and best practices, thereby enhancing the generalizability of findings.

Integration of Technological Tools
Future studies can explore the impact of digital appraisal systems and HR analytics on transparency, feedback frequency, and employee trust in performance evaluations.

Cultural and Demographic Considerations
Investigating how age, gender, cultural values, and tenure influence the perception and effectiveness of appraisal systems can offer more personalized and inclusive strategies for HR planning.

Impact of Hybrid and Remote Work Models
With changing work dynamics, especially post-pandemic, examining how performance appraisals function in remote or hybrid work environments can guide policy adaptations in workforce evaluation.

Employee Psychological Factors
Upcoming research could investigate psychological factors like organizational justice, perceived support from the organization, and emotional intelligence to better understand how these influence appraisal perceptions and employee results.

CONCLUSION

Performance appraisals that emphasize transparency, consistency, and fairness are essential for boosting employee engagement and improving productivity in the textile industry, where skilled workers are invaluable. Transparent appraisal processes cultivate trust between employees and management, diminish biased perceptions, and create an atmosphere that encourages constructive feedback. Systematic evaluations can pinpoint both strengths and areas needing development, which can then be addressed through customized training and development programs. However, to fully realize the advantages of performance appraisals, textile organizations must tackle existing issues such as poor communication, insufficient employee involvement in appraisals, and a lack of consistent follow-up on appraisal results.

Strategic HR actions, including establishing clear performance criteria, implementing regular feedback systems, and

involving employees in goal setting, are vital for maximizing the appraisal system's effectiveness. In the end, an organized and transparent performance appraisal system not only motivates employees by acknowledging their efforts but also aligns individual goals with company objectives. This alignment leads to increased job satisfaction, lower turnover, and the development of a high-performing workforce capable of maintaining a competitive edge in the ever-changing textile market.

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