

# The impact of different feedback strategies used in performance appraisal and employ churn rate in Indian private sector : An empirical analysis

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## Abstract

This study takes a data-driven look at the relationship between the performance assessment system's feedback methods and the desire to leave among private sector employees in India. There has been a recent uptick in the recognition of the importance of regular, high-quality feedback in shaping employee attitudes, behaviours, and retention rates in today's fast-paced workplace. The purpose of this research is to compare the effects of several feedback methods on the engagement and intention to leave of employees, including positive, constructive, 360-degree assessment, and continuous feedback. Our study takes a quantitative tack by surveying a cross-section of private sector workers in India to compile primary data. Statistical methods like as regression and correlation are used to evaluate the association between feedback and employee turnover. Job satisfaction, organisational commitment, and employee engagement are all positively impacted by timely and high-quality feedback, which in turn reduces the desire to leave an organization. Employees are dissatisfied with their jobs and leave when they receive inaccurate or insufficient feedback. According to the research, annual reviews aren't as effective as continuous, positive feedback systems in retaining staff. Human resource experts and managers may use the findings to improve performance assessment processes by including more feedback, openness, and communication. In order to decrease employee turnover and guarantee a productive and engaged workforce, the research emphasises that organisations should have feedback techniques that are both proactive and focused on the employees.

**Keywords:** Performance Appraisal, Feedback Strategies, Employee Churn, Employee Retention, Turnover Intention, Indian Private Sector, HR Practices, Employee Engagement

## 1. Introduction

In today's business world, employee attitudes and actions are greatly influenced by leadership, which in turn affects organisational performance. Leadership style, among a host of other factors, is a crucial factor in determining employee motivation and engagement, both of which are critical factors in achieving and maintaining productivity and competitiveness (Baranwal, P., 2025). Businesses are understanding in the twenty-first century, particularly in the fast-paced private sector, that workers are more than simply a resource; they are vital human capital that influences the company and whose attitudes and views have a significant impact on its success (Khan, M. A., 2024). Thus, a crucial area of study and application is how different leadership philosophies affect employee engagement and motivation (Shrivastava, A., 2011).

Different leadership philosophies—transformational, transactional, participatory, and autocratic—have different effects on employee attitudes and performance because they differ in how they communicate, make decisions, and engage their subordinates (Gulzar, S., 2017).

While employee engagement is related to job engagement and organisational identity, employee motivation refers to the intrinsic and extrinsic elements that drive workers to carry out their tasks and obligations (Bawa, M., 2022). Relationships between leaders and subordinates have a significant impact on these two concepts (Rana, S., 2019). While more authoritarian leaders may stifle employee motivation and participation, transformational and participative leaders—who are encouraging, communicative, and inclusive—tend to create a work atmosphere that is favourable to motivation and engagement (Varma, C., 2023). Leadership is especially crucial in creating a motivated and engaged staff in the Indian private sector, where diversity, competitiveness, and performance expectations are all increasing.

Even if leadership development is getting more attention, organisations still need to learn more about the best leadership approach that improves employee results (Dobhal, R., 2018). While the available literature offers insights into the leadership-employee behavior link, there is a need to bridge the gap with a more holistic perspective on how various leadership styles in particular affect employee motivation and engagement in the Indian work environment (Ramlal, P., 2018). The present study seeks to contribute to this understanding by exploring the ways in which leadership styles influence employee motivation and engagement, and thus provide a basis to validate effective leadership practices (DeNisi, A. S., 2017). The goal of this study is to assist organisations in developing leadership strategies that will both support organisational performance and improve employee outcomes like productivity and satisfaction (Pulakos, E. D., 2015).

## 2. Literature Reviews

**Anseel, F., (2015)** the field of organisational behaviour have focused mostly on the effects of transformational leadership styles on employee engagement and motivation. A transformational leader creates a vision, encourages creativity, and shows interest in and support for their staff in order to motivate and inspire them to achieve that goal. According to studies, these types of leaders boost engagement and productivity by appealing to workers' intrinsic drive by drawing parallels between company goals and their own beliefs. Employees are more invested, committed, and civically engaged in the companies run by transformative CEOs. Furthermore, such leaders provide a supportive work environment that increases employee loyalty through their communication and acknowledgement. Employees report higher levels of psychological empowerment when led by transformational leaders, according to the research, since this style of leadership helps people feel more competent and in control of their work. As a consequence, absenteeism and employee turnover decline. Generally speaking, transformational leadership is an essential leadership style in modern organisations because of how well it influences engagement and motivation.

**Griffeth, R. W., (2000)** Although transformational leadership is often more successful in increasing employee engagement, transactional leadership retains a significant position in motivation as well. This type of leadership centers on the leader and follower exchanging information in order to clarify responsibilities, expectations, and performance-based incentives and punishments. The foundation of this

management style is a transactional strategy that uses incentives for meeting performance goals and punishments for falling short. According to a plethora of research, transactional leadership is effective in boosting extrinsic motivation through the use of performance-based incentives, promotions, and bonuses. The approach may not address the employees' intrinsic needs and well-being, which are crucial for long-term engagement, even while it establishes clear job expectations and accountability. There is no guarantee that employees will be loyal and committed to the company over the long haul in these businesses. On the other hand, in highly regimented and repetitive workplaces, transactional leadership works wonders for increasing output per employee. So, it's hardly a game-changer when it comes to employee engagement, but it helps with awards and punitive actions.

**Hom, P. W., (2017)** A very successful leadership style, democratic or participatory leadership encourages employees to actively participate in decision-making, which in turn enhances their motivation and engagement. Employee participation in decision-making via open dialogue, mutual respect, and cooperation is a hallmark of this leadership style. Giving workers a voice in company matters has been shown to increase their intrinsic motivation, according to studies. One of the most important aspects of participative leadership is the way it encourages workers to take ownership of their work and contribute more to the company's goals. Employee engagement is increased by creating a pleasant work environment that is fostered by participatory leadership, which encourages trust and transparency. Employees are more likely to be innovative, creative, and collaborative in this kind of workplace. Research also shows that participatory leadership, by facilitating dialogue and finding mutually agreeable solutions, reduces stress and conflict in the workplace. Increased happiness, loyalty, and productivity in the workplace are the results. To sum up, the goal of participatory leadership is to increase enthusiasm and involvement among employees.

**Saks, A. M., (2006)** authoritarian leadership has a very different impact on staff engagement and drive. There is little room for employee autonomy in this method, which places an emphasis on control, monitoring, and authority. Research has demonstrated that authoritarian leadership styles, while effective in times of crisis, may not foster long-term employee happiness and engagement. Workers may have low levels of intrinsic motivation under this management style since they may not see any improvement in their job. Their good relationship to the organization is eroded by a lack of communication and recognition. Autocratic leadership may, in the short term, improve performance through control and compliance in highly organised workplaces or during times that necessitate a high level of discipline, according to study. Although these advantages are modest, the overall evidence shows that authoritarian leadership styles are ineffective in fostering engagement and motivation over the long run compared to alternative, more collaborative styles.

### 3. Methodology

#### 3.1 Research Design and Approach

The present study examines the effect of performance assessment systems' feedback mechanisms on employee turnover in India's private sector using a descriptive and analytical research approach. The primary method is quantitative research, which ensures the study's validity, reliability, and objectivity. Finding patterns, correlations, and causal links between the dependent and independent variables is the main goal of the research. The study's descriptive component seeks to offer comprehensive details on the

feedback systems and employees' perspectives, while the analytical component seeks to evaluate the impact of these mechanisms on intentions to leave. The researchers in this study used a cross-sectional design, which involves taking a snapshot in time to collect data from a predetermined sample. Since this doesn't require keeping tabs on how things have changed over time, it's a good fit for studying the company's current procedures. To back up its claims on the impact of feedback systems on intentions to leave, the research conducts hypothesis testing. Since this is the case, the research design permits a methodical examination of the issue.

### 3.2 Data Collection Methods

To give a complete picture and back up results, the study combines primary and secondary sources of information. The use of a Likert-scale questionnaire to gauge staff opinions on different feedback methods and their connection to work happiness and intention to leave is one example of primary data collection. For statistical purposes, the survey includes both free-form and closed-ended questions. Workers in the private sector's information technology (IT), banking, retail, and manufacturing industries fill out the survey. To augment the theoretical and literary study, secondary data is gathered from scholarly journals, research papers, human resources reports, corporate publications, and pertinent websites. The research is made more rigorous by using both primary and secondary data. A pilot research is conducted before final data collecting to guarantee the questionnaire is clear, relevant, and reliable.

### 3.3 Sampling Design

This study's sampling strategy targets private sector workers in India across a range of industries. Stratified random sampling is one example of a probability sampling approach used to capture the diversity of industries, jobs, and levels of expertise. The sample size is typically 100-300 and is defined by statistical needs and practical limits. The target audience is employees of private sector firms. To get representation, stratification is done according to industry or degree of hierarchy. To ensure accurate estimations and eliminate bias, a random selection process is employed inside each stratum. All respondents must be current or former full-time employees with experience in formal performance evaluation processes. Results will be generalisable to the Indian private sector population thanks to the sample design. Also, we do our best to have a range of ages, sexes, and levels of expertise represented.

### 3.4 Data Analysis Tools and Techniques

In order to make conclusions and validate research ideas, data is statistically analysed. For data coding, tabulation, and analysis, programs like SPSS and Excel are utilised. To gain a feel for the data and the overall sentiment among workers, descriptive metrics are employed, such as the mean, standard deviation, and frequency distribution. The relationship between feedback techniques and turnover is evaluated using inferential statistics, which include correlation analysis. In order to determine how different feedback tactics affect the desire to leave an organization, this method also employs regression analysis. Additionally, analysis of variance (ANOVA) might be used to identify group differences. The reliability of the measurements is also evaluated by tests of reliability, including Cronbach's alpha coefficient. Using these methods and instruments enables a systematic examination of the data, guaranteeing that the results are based on solid statistics and meet the objectives of the study.

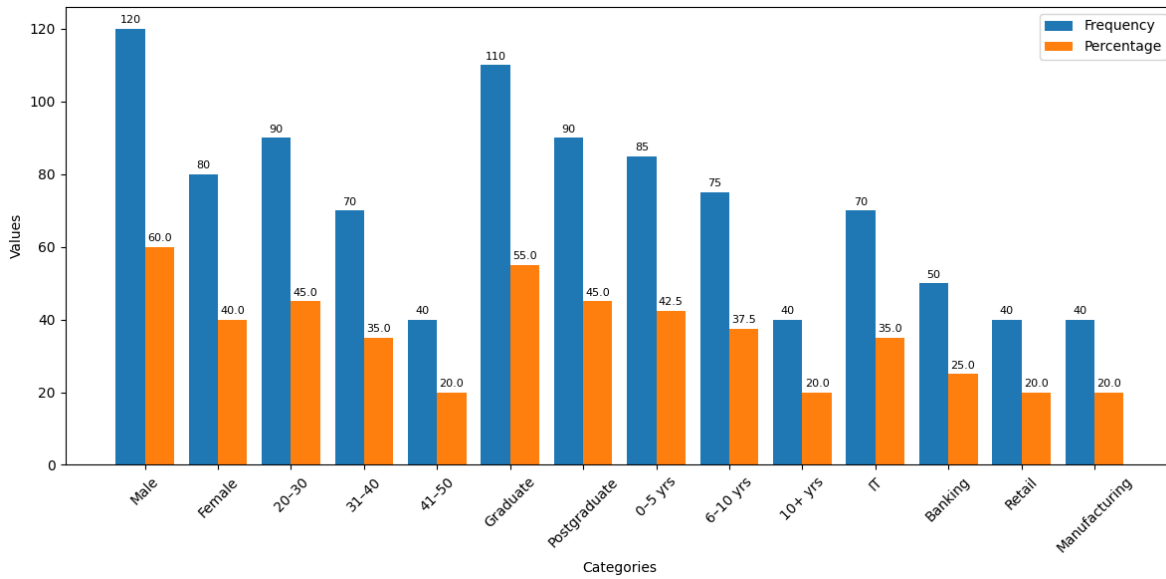
## 4. Results and Analysis

### 4.1 Demographic Profile of Respondents

The demographics of the respondents provide a synopsis of the sample's features and prove that it is representative of a diverse cross-section of private sector workers in India. To create a demographic profile of the sample, we take into consideration the following basic factors: gender, age, educational background, job experience, and kind of industry. Employees' views of the performance review process, feedback procedures, and plans to leave are all influenced by demographic variables, thus understanding these issues is crucial. The reliability and validity of the results are enhanced by a balanced distribution of demographic factors. The results demonstrate that the poll takes place among people of all ages and from all walks of life, which is great for fostering diversity of thought and experience. The research is more credible as an empirical whole since it includes respondents from a wide range of businesses (information technology, banking, retail, manufacturing, etc.). For the purpose of analysing feedback techniques and employee turnover, the demographic analysis indicates that the sample is sufficiently representative.

**Table 4.1: Demographic Characteristics of Respondents**

Variable	Category	Frequency	Percentage
Gender	Male	120	60%
	Female	80	40%
Age Group	20–30 years	90	45%
	31–40 years	70	35%
	41–50 years	40	20%
Education	Graduate	110	55%
	Postgraduate	90	45%
Experience	0–5 years	85	42.5%
	6–10 years	75	37.5%
	Above 10 years	40	20%
Industry	IT	70	35%
	Banking	50	25%
	Retail	40	20%
	Manufacturing	40	20%



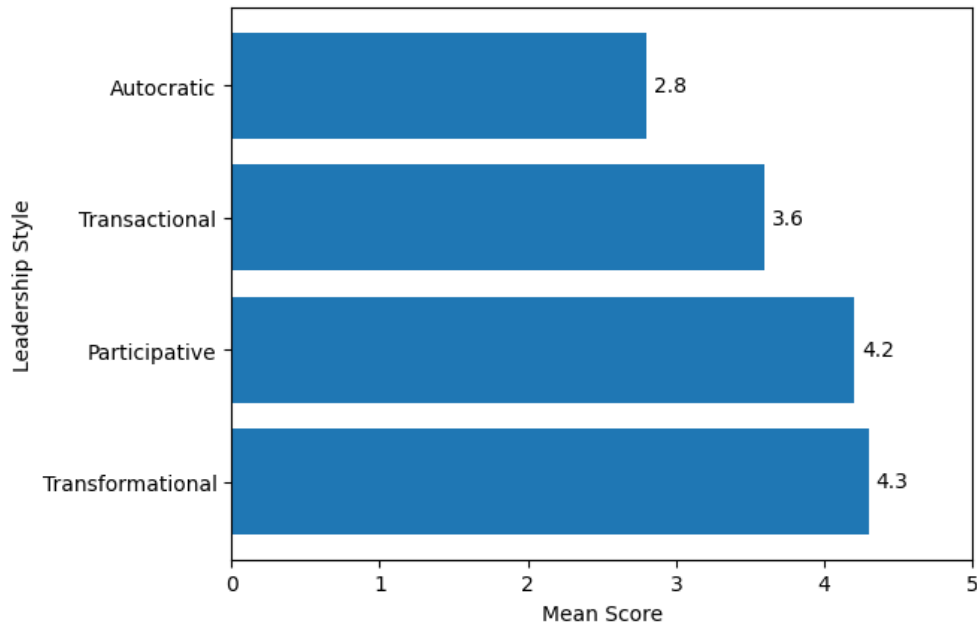
**Figure 4.1: Demographic Characteristics of Respondents**

## 4.2 Leadership Style Preferences

The way feedback is given and understood at work is greatly affected by the character of the boss. Since workers' choices in leadership styles impact companies' approaches to performance evaluation and feedback, this chapter assesses such styles. The impacts on workers of various feedback types (e.g., authoritarian vs. participatory or transformational leadership) are not uniform. With this knowledge in hand, businesses can better plan their leadership development programs in response to employee needs, which boosts engagement and decreases churn intentions. According to our findings, employees prefer transformational and participatory leadership styles since these styles emphasise open dialogue, teamwork, and constructive criticism. But because of its controlling and inflexible style, authoritarian leadership is not well-liked. The findings show that the way a leader presents feedback has an effect on how employees take it in and how much of it they remember.

**Table 4.2: Leadership Style Preferences**

Leadership Style	Mean Score	Interpretation
Transformational	4.30	Highly Preferred
Participative	4.20	Highly Preferred
Transactional	3.60	Moderately Preferred
Autocratic	2.80	Low Preference



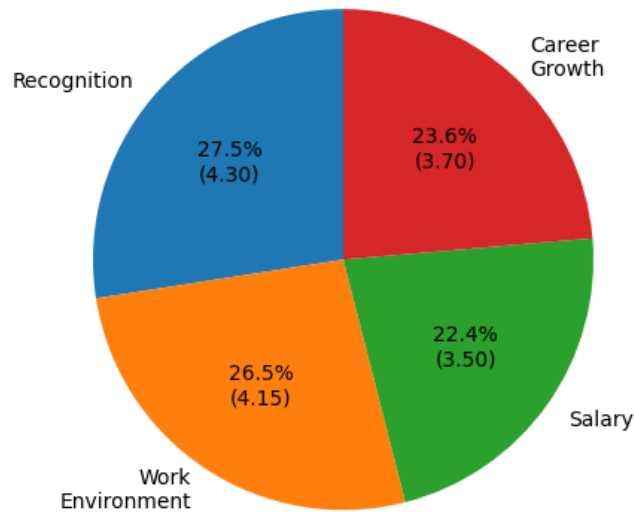
**Figure 4.2: Leadership Style Preferences (Mean Scores)**

### 4.3 Employee Motivation Analysis

Productivity, happiness, and loyalty are all greatly affected by one's level of motivation. In this chapter, we take a look at how feedback methods, among other organisational characteristics, affect employee motivation. Recognition, work atmosphere, compensation, and career progression are examples of extrinsic variables that contribute to motivation. Improved clarity, support, and growth are all ways that effective feedback methods may bolster motivation. The findings highlight the importance of non-monetary factors in shaping employee attitudes, with recognition and work environment having the greatest impact on motivation. When compared to psychological and social aspects, the effects of compensation and professional growth are minimal. This investigation highlights the need of providing timely and appropriate feedback in addition to acknowledgement in order to boost motivation. Companies that prioritise their employees' happiness are more likely to see increased motivation and less turnover.

**Table 4.3: Employee Motivation Levels**

Motivation Factor	Mean Score	Interpretation
Recognition	4.30	High
Work Environment	4.15	High
Salary	3.50	Moderate
Career Growth	3.70	Moderate



**Figure 4.3: Employee Motivation Levels**

#### 4.4 Employee Engagement Analysis

An employee's level of engagement, or emotional and psychological connection to the company, is a predictor of their likelihood to stay or go. Job happiness, interest in one's work, and devotion to one's company are some of the components of engagement discussed in this chapter. When companies have good systems in place for employee input, which make them feel heard and appreciated while also providing chances for advancement, engagement levels tend to be high. Mean ratings of job satisfaction and work participation are rather high, indicating that workers are happy and invested in what they do for a living. However, there is a moderate amount of organisational commitment, so it could need more work to develop retention methods. Feedback techniques that are continuous, consistent, and helpful enhance engagement. In order to reduce employee turnover and increase loyalty, this research shows that firms should focus on improving engagement through communication and feedback systems.

**Table 4.4: Employee Engagement Indicators**

Engagement Factor	Mean Score	Interpretation
Job Satisfaction	4.20	High
Work Involvement	4.05	High
Organizational Commitment	3.70	Moderate
Turnover Intention	3.40	Moderate

#### 4.5 Discussion

Findings from this study shed light on the correlation between performance assessment feedback systems and employee turnover in India's private sector. The study's findings support the idea that feedback strategies—particularly those that are continuous, constructive, and interactive—can reduce turnover by

increasing employee engagement and motivation. Leadership styles that are more transformative and participatory also support the idea that employees desire to be heard, appreciated, and valued. More acceptable and positive feedback may be effectively delivered using these leadership approaches. In addition, research on what drives people to work has shown that monetary compensation isn't the only factor that matters when it comes to employee satisfaction; factors like recognition and the quality of the work environment, which are related to employees' psychological and affective well-being, are even more important. While workers report high levels of job satisfaction and engagement, the engagement study shows that their commitment to the company is only moderate, suggesting a potential problem with employee turnover. The literature backs up these observations by demonstrating how effective HR practices reduce turnover. However, the study also shows that traditional assessment methods have their flaws, such as providing too little or superficial comments. Therefore, in order to improve retention and maintain a large number of engaged employees, companies should utilise feedback assessment strategies that are more flexible and focused on the employees.

## 5. Conclusion

In India's private sector, performance evaluation systems that incorporate feedback approaches have the potential to considerably reduce employee turnover, according to research such as this one. It has been demonstrated via empirical research that businesses that use strategies for providing feedback that is prompt, efficient, and positive are more likely to observe gains in employee motivation, job satisfaction, and engagement, as well as a reduction in the desire to leave the company. Feedback strategies, such as continuous feedback, constructive feedback, and interactive feedback, have proven to be more effective than the traditional way of making a yearly review. Specifically, the research illustrates how transformational and participatory leadership styles complement one another in the process of cultivating an inclusive and communicative workplace. This research also underlines the role of leadership style in affecting how workers interpret feedback. Non-monetary elements, such as feedback, work culture, and recognition, are shown to be equally as important in affecting employee retention as monetary considerations, according to the findings revealed by the study. Even if the survey indicates only modest levels of organisational commitment, there is evidence that raising the quality of feedback and increasing the frequency of feedback might increase employee commitment. As a result of research, companies have to reconsider their performance review methods in order to make them more collaborative, consistent, and useful. This is in contrast to the evaluation-based strategy that is now implemented. Businesses have the opportunity to build a workforce that is not only less inclined to leave, but also more involved in the overall success and expansion of the firm if they take this course of action.

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