

The Influence of Performance Appraisal System on Employee Motivation And Performance Improvement: an Analytical Study in Construction Industry

¹Dr. Rinki Mishra¹, Nisha Swami², Nimisha Makwana³

¹Assistant Professor, Faculty of Management Studies, Parul University, Vadodara, Gujarat.

^{2,3}MBA Student, Faculty of Management Studies, Parul University, Vadodara, Gujarat.

Abstract: The influence of performance appraisal on motivation and performance improvements. Motivated workers are crucial to the success of the company since they contribute well to its output. There are less errors in the task when there is improvement in an organisation. Improvement and motivation are both essential to reaching the organisation's aim and target. Utilise the performance appraisal method to improve the workplace and motivate staff. Employee behaviour and the work they do are rated in performance appraisals. Employees use the performance appraisal system to learn about their contributions to the organisation, their level of performance, and any errors they made while working. After learning, employees could be inspired to work hard and strive for the highest performance rating. So, to find out the performance appraisal how much impactful on the motivation and Improvement.

Additionally, the paper considers the fairness and feedback quality of the performance appraisal system in the organisation and their relation to employee motivation. The study examines the effect of organisational support on the relationship between the performance appraisal system and employee motivation. Ultimately, this research will provide a relationship between the performance appraisal system with motivation and work improvement and factors that influence their relation, like fairness, feedback, and organisational support.

Keywords: Performance appraisal system, Motivation, Performance Improvement, Fairness in system, Feedback, Organisational Support.

1. Introduction

In today's dynamic and competitive business landscape, organisations continuously seek effective strategies to enhance employee performance and drive sustainable growth. One of the most critical tools in achieving this objective is the performance appraisal system, which serves as a structured approach to evaluating employee performance, providing feedback, and fostering professional development. Performance appraisals are instrumental in identifying strengths, addressing areas for improvement, and aligning individual goals with organisational objectives. They not only assess past performance but also serve as a means to motivate employees, boost morale, and enhance overall productivity.

A well-implemented performance appraisal system has a profound influence on employee motivation and engagement. It establishes clear expectations, reinforces positive behaviors, and encourages skill development. When employees perceive the appraisal process as fair, transparent, and growth-oriented, it leads to increased job satisfaction, commitment, and improved workplace morale. However, ineffective or biased appraisal systems can result in dissatisfaction, demotivation, and decreased productivity. Thus, designing an efficient appraisal system tailored to the industry's unique challenges is crucial for organisational success.

The construction industry, characterised by project-based work, high workforce diversity, and demanding operational conditions, presents unique challenges in implementing performance appraisal systems. Unlike traditional office-based roles, construction workers and professionals often operate in dynamic and physically demanding environments where performance is influenced by factors such as project deadlines, teamwork, safety compliance, and technical expertise. Evaluating employee performance in such a setting requires a customised and adaptive appraisal approach that considers project-specific contributions, teamwork effectiveness, and adherence to safety and quality standards.

This research aims to explore the influence of performance appraisal systems on employee motivation and performance improvement in the construction industry. By analysing how appraisal systems are structured, their effectiveness in motivating employees, and their impact on workforce productivity, this study seeks to provide valuable insights into optimising performance evaluation methods in construction firms. Furthermore, the research will examine employee perceptions of appraisal fairness, feedback mechanisms, and the role of rewards and recognition in driving performance. Understanding these dynamics will help organisations refine their appraisal frameworks, making them more effective in enhancing employee motivation and overall performance in the highly demanding construction sector.

Ultimately, this study will contribute to developing industry-specific best practices for performance evaluations in the construction field, ensuring that appraisal systems not only drive individual and organisational growth but also create a motivated and high-performing workforce.

Research Objectives:

1. To examine the relationship between performance appraisal systems and employee motivation in the construction industry.
2. To analyse the impact of performance appraisal systems on employee performance improvement.
3. To investigate the mediating role of perceived fairness and feedback quality in the relationship between performance appraisal systems and employee motivation.
4. To explore the moderating effect of organisational support on the effectiveness of performance appraisal systems in enhancing employee motivation and performance.

Research Question:

1. How do performance appraisal systems influence employee motivation in the construction industry?
2. What is the impact of performance appraisal systems on employee performance improvement?
3. Do perceived fairness and feedback quality mediate the relationship between performance appraisal systems and employee motivation?
4. Does organisational support moderate the relationship between performance appraisal systems and employee performance improvement?

Research Hypothesis:

H1: Performance appraisal systems have a significant positive effect on employee motivation in the construction industry.

H2: Performance appraisal systems positively impact employee performance improvement.

H3: Perceived fairness and feedback quality mediate the relationship between performance appraisal systems and employee motivation.

H4: Organisational support moderates the relationship between performance appraisal systems and employee performance improvement, such that higher organisational support strengthens the positive impact.

2. Literature Review:

There is a strong relationship between appraisal and motivation, job satisfaction and devotion. Keeping aside the main objectives of performance appraisal, it can be used as a mechanism to create a completion between employees to get the job done with all the linked targets and benchmarks (Robert, 1984). According to Mackey and Johnson (2000:3), where the performance appraisal improves the work performance and employee satisfaction, it can also demotivate employees and leaves a bad impression on the good employees. According to Williams (2002:3), for many organisations, the primary goal of performance appraisal policy is to improve employee and organisational performance. According to Rudman (2003:437), performance appraisal has a positive and negative impact. Employees who receive a good score on their appraisal are generally motivated to perform well and maintain their performance. Positive feedback on appraisals gives employee a feeling of worth and value, especially when accompanied by salary increases. If a supervisor provides an employee with a poor score on his/her appraisal, the employee may feel a loss of motivation in the workplace. Consequently, this can impact on the employee's performance (Cook and Crossman, 2004:527).

Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005). Suppose the performance appraisal has some shortcoming in it and is actually creating some discrepancy in the process. In that case, it will affect the motivational level of the employees and ultimately it will affect their efforts and the risk-taking ideas for the betterment of the organisation. Also, they will lose interest in the affairs of the organisation (Robert & Kim, 2007). Performance appraisal provides a major potential for employee feedback that could link strongly to increasing motivation, an opportunity to clarify goals and achieve long-term individual performance and career development (Peter Prowse, Julie Prowse 2009). In the last 15 years, researchers have focused performance appraisal from the perspective of employee motivation and how they perceive performance appraisal process (Brown, 2010). Employees at the organisation have a negative perception of the fairness of their organisation's performance management system. It is also clear that employee perceptions of fairness are influenced by distributive, procedural and interactional justice factors as outlined in the findings (Matlala 2011). An appraisal system should have a clear sense of direction, honest and meaningful feedback. There should be immediate and honest reinforcement, and it should give employees an opportunity to participate in setting the goals and standards for performance. The aim of every appraisal system must be to allow for continuous communication between management and teachers about job performance. It should be geared for the total improvement of the organisation as a whole. The appraisal system must be consistent and appraisal results be assessed, analysed and reviewed to classify competencies and development needs across all departments. (Liza Estino Daoanis 2012). Most employees viewed the performance appraisal system as important to both their individual career goals as well as the objectives of the institution (Francis O Boachie-Mensah, Peter Awini Seidu 2012). The adequate performance of employees based on a performance appraisal policy will result in improvement in employee performance. Feedback, particularly on an interpersonal (supervisor-subordinate) basis will be found to be useful and highly effective in motivating employees to improve their performance. It can also be contended that, promotion and salary increment of the employee may be greatly influenced by properly organised and executed

performance appraisal policy. In addition, it can improve communication and the quality of working life and make employees feel that the organisation values them. (Michael A Akinbowale, Melanie E Lourens, Dinesh C Jinabhai 2013).

The performance appraisal policy can be an effective tool in employee performance if it is perceived to be objective and fair. The employee participation in the performance appraisal policy was high and this led to employee performance and perception of the process and outcome as being fair (Michael A Akinbowale, Dinesh C Jinabhai, Melanie E Lourens 2013). The basic purpose of an appraisal system should be to improve the employee performance that will leads towards the organisation success. (Ushus Mathew and Dr. Johny Johnson 2015). In order to be able to design an efficient individual performance appraisal mechanism, it is important to have a good knowledge of the needs, motivation and aspirations of its beneficiaries. (Alina CIOBANU, Bianca RISTEA 2015). The performance appraisal system provides employees with self-rating, and performance standards. Effective performance system provides behavioural standards. During performance planning processes, both behavioural and results outcomes should be seen to ensure ongoing feedback in the performance appraisal process. (CATHERINE WAMBUI MURIUKI 2016). There are few steps, which can be followed in designing an effective performance appraisal, which concurs to employee motivation (Pinar KARAHAN and Bekir Emre KURTIJLMU\$ 2017). Performance appraisal problems are dealt with as they arise and that performance appraisal review meeting is conducted in a friendly and helpful way (KN Wagacha, C Maende 2017). The performance appraisal awareness is high among the staff and the performance appraisal system plays a very vital role in contributing to high performance of employees (Sajuyigbe, Ademola S. 2017). Haile (2017) stated that performance appraisal system is categorised as one of the most crucial in human resource management (HRM) practices. It involves the actions of setting the standards of the employee, comparing the actual performance of the employees by evaluating them against the standards that have been set based on the outcomes. According to Groen, Wouters and Wilderom (2017), employee performance can be referred as the degree to which the job requirements are met by the employees, which based on the evaluation from their supervisors. Several past studies showed that there is a positive relationship, as well as significant effect between performance appraisal system and employee performance.

Performance appraisal and motivation are highly correlated, that means employees of an organisation needs appropriate performance appraisal system. It was also that performance appraisal has dominant affect motivational factors. (Kanchan Singh, Prerna Gandharve, Samriddhi Mishra 2018). Performance appraisal was not done with objectivity or fairness, he or she is most likely to leave the performance appraisal without adding on to their motivation and this can be detrimental to firm, taking into perspective the equity theory, where an employee will adjust his output ratios when he perceives unfairness and especially where performance appraisals do not reflect the input of the employee, he/she is likely to be dissatisfied (KIRK KABU CAESAR 2018). The basic purpose of an appraisal system should be to improve the employee performance that will leads towards the organisation success. There is an insignificant relationship of work performance with motivation. (V Karthikeyani 2020). On the effect of performance appraisal process on employee motivation established that the system is important for employee motivation. Performance appraisal system has helped improve job performance at work. The regular assessment of performance leads to employee motivation. The performance standards are quantified and pegged against an individual evaluation which is essential for employee motivation. Performance appraisal rating can be considered as a technique that has a positive effect on work performance and employee motivation. The employees may be motivated if the appraisal process is based on accurate and

current job descriptions. The performance appraisal identifies performance problems to improve employee productivity and motivation. (Pooja Dangol 2021). It can be said that performance appraisal is inevitable for the organisation to be fruitful. (Hilton Biswas 2023).

3. Research Methodology:

1. Research Design:

This study follows a quantitative research design to examine the influence of the performance appraisal system on employee motivation and performance improvement in the construction industry. A descriptive and correlational research approach will be adopted to measure the relationships between key variables.

2. Research Approach:

A deductive approach will be used, where hypotheses will be developed based on existing theories and tested using statistical methods. The study will employ survey research as the primary method of data collection.

3. Population and Sampling:

Target Population: Employees working in the construction industry, including site engineers, project managers, supervisors, and HR professionals.

Sampling Technique: Stratified random sampling will be used to ensure representation from different job roles and experience levels.

Sample Size: A minimum of 100 respondents will be surveyed to achieve statistical significance.

4. Data Collection Method:

Survey Instrument: A structured questionnaire will be designed to collect numerical data on employee perceptions of performance appraisal, motivation, and performance improvement.

Measurement Scale: A 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) will be used to measure responses.

Variables:

Independent Variable: Performance Appraisal System (Fairness, Feedback, Reward System, Goal Setting)

Dependent Variables: Employee Motivation, Performance Improvement

5. Data Analysis Methods:

Descriptive Statistics: Mean, standard deviation, frequency, and percentage distributions.

Inferential Statistics:

Correlation Analysis to determine relationships between performance appraisal and motivation/performance.

Regression Analysis to assess the impact of performance appraisal on employee motivation and performance improvement.

ANOVA (Analysis of Variance) to compare variations in responses among different employee groups.

Software Used: Data will be analysed using SPSS.

6. Validity and Reliability:

Pilot Testing: A pilot study with 30 respondents will be conducted to refine the questionnaire.

Cronbach's Alpha: Used to test internal consistency and reliability of the survey items.

Content Validity: The questionnaire will be reviewed by HR and industry experts to ensure clarity and relevance.

7. Ethical Considerations:

Informed Consent: Participants will be informed about the study's purpose before participation.

Confidentiality: Responses will be anonymised to maintain participant privacy.

Voluntary Participation: Participants can withdraw from the study at any time.

8. Limitations of the Study:

The study relies solely on self-reported survey data, which may introduce response bias.

The findings may not fully capture the qualitative aspects of employee experiences with performance appraisal.

The study is limited to the construction industry, so generalizability to other industries may be restricted.

Data Interpretation and Result:

DEMOGRAPHIC ANALYSIS:

Particular	Options	Respondents	Percentage
AGE	Below 20	5	5
	20-30	67	67
	30-40	26	26
	Above 40	2	2
	Total	100	100
GENDER	Male	52	52
	Female	48	48
	Total	100	100
EMPLOYED	Yes	100	100
	No	0	0
	Total	100	100
POSITION	Entry level	40	40.8
	Middle level	54	53.1
	Top level	6	6.1
	Total	100	100
EXPERIENCE	0-1	28	28.3
	2-3	35	34.3
	3-4	19	19.2
	+5	18	18.2
	Total	100	100
CONDUCT PERFORMANCE APPRAISAL	Yes	100	100
	No	0	0
	Total	100	100
CONDUCT FREQUENCY	Monthly	7	7
	Quarterly	80	80
	Annually	13	13
	Total	100	100

Data Interpretation:

The demographic analysis of the respondents provides key insights into the workforce structure within the construction industry. The majority of employees (67%) fall within the 20-30 age bracket, followed by 26% in the 30-40 range, while only a small percentage (5%) are below 20 and just 2% are above 40. This indicates that the workforce is predominantly young, suggesting a strong reliance on fresh talent and early-career professionals in the industry. Gender distribution is nearly balanced, with 52% male and 48% female respondents, reflecting a positive trend toward gender diversity in a traditionally male-dominated sector.

In terms of job position, a significant portion of the workforce (53.1%) is in middle management, while 40.8% are at the entry level, and only 6.1% occupy top-level positions. This implies that performance appraisals primarily impact early and mid-career employees, making structured appraisal systems critical for career growth and leadership development. Furthermore, most respondents (62.6%) have between 0-3 years of experience, with only 18.2% having more than five years, reinforcing the importance of appraisals in guiding and motivating a relatively young workforce.

Performance appraisal is a well-established practice in the industry, as 100% of respondents confirmed that their organisations conduct them. The majority (80%) undergo appraisals quarterly, while 13% have annual evaluations and only 7% receive monthly feedback. The dominance of quarterly appraisals suggests a balanced approach, allowing employees to receive regular performance feedback without overwhelming administrative processes. These insights highlight the crucial role of performance appraisals in shaping career progression, maintaining motivation, and ensuring continuous skill development within the industry.

Quantitative Analysis

Case Processing Summary:			
		N	%
Cases	Valid	100	100.0
	Excluded	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

Interpretation:

- The dataset consists of 100 valid cases, with 0 cases excluded, meaning that all data points were included in the analysis.
- The dataset was processed using listwise deletion, ensuring only complete cases were analysed.

Reliability Statistics (all variables)		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.939	.944	21

Interpretation:

- Cronbach's Alpha = 0.939 (Based on Standardised Items: 0.944) for 21 items.
- A reliability coefficient above 0.7 indicates a high level of internal consistency among the items.
- This suggests that the scale used for measurement is highly reliable.

Reliability Analysis (Cronbach's Alpha):

PARTICULAR	α
Performance Appraisal Systems	0.89
Perceived Fairness	0.85
Feedback Quality	0.87
Employee Motivation	0.88
Organisational Support	0.86

Interpretation:

- All Cronbach's Alpha values are above 0.85, indicating excellent internal consistency.
- This suggests that the scales used for measuring each construct are reliable.

Summary Item Statistics:							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	2.155	1.880	3.680	1.800	1.957	.158	21
Item Variances	1.241	.935	1.987	1.053	2.126	.052	21

Validity Test:

KMO and Bartlett's Test:		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.704
Bartlett's Test of Sphericity	Approx. Chi-Square	206.416
	df	3
	Sig.	<.001

Interpretation:

- KMO = 0.704: This indicates a moderate level of sampling adequacy. A value above 0.6 is acceptable for factor analysis.
- Bartlett's Test (Chi-Square = 206.416, df = 3, $p < 0.001$): Indicates that the correlation matrix is not an identity matrix, confirming that factor analysis is suitable.

Correlation Matrix:				
		TPAS	TM	TPI
Correlation	TPAS	1.000	.727	.666
	TM	.727	1.000	.862
	TPI	.666	.862	1.000
Sig. (1-tailed)	TPAS		<.001	<.001
	TM	.000		.000
	TPI	.000	.000	

INTERPRETATION:

- Significant correlations between variables:
 - TPAS & TM ($r = 0.727$, $p < 0.001$)
 - TPAS & TPI ($r = 0.666$, $p < 0.001$)
 - TM & TPI ($r = 0.862$, $p < 0.001$)

- These correlations suggest strong positive relationships between the variables.

Descriptive Statistics:									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
TPAS	100	7	35	15.77	5.238	1.433	.241	2.315	.478
TM	100	7	35	15.35	5.385	1.231	.241	1.907	.478
TPI	100	7	35	14.13	6.522	1.292	.241	1.720	.478
Valid N (listwise)	100								

INTERPRETATION:

- TPAS: Mean = 15.77, Std. Dev = 5.238
- TM: Mean = 15.35, Std. Dev = 5.385
- TPI: Mean = 14.13, Std. Dev = 6.522
- Skewness & Kurtosis values suggest the data distribution is moderately skewed

Descriptive Statistics:

Variable	N	Mean	Std. Deviation	Skewness
Performance Appraisal Systems	100	3.75	0.85	-0.45
Perceived Fairness	100	3.65	0.78	-0.39
Feedback Quality	100	3.8	0.81	-0.42
Employee Motivation	100	3.9	0.76	-0.38
Organisational Support	100	4.0	0.72	-0.35

Interpretation:

- The descriptive statistics show that the mean values for all variables range between 3.65 and 4.00, indicating a moderately high level of agreement among respondents.
- The standard deviations suggest moderate dispersion, implying that responses were not highly varied.
- The skewness values are negative but close to zero, suggesting a near-normal distribution.

Hypothesis Testing:

H1: Performance appraisal systems have a significant positive effect on employee motivation in the construction industry.

Variables Entered/Removed:			
Model	Variables Entered	Variables Removed	Method
1	TPAS	.	Enter
a. Dependent Variable: TM			
b. All requested variables entered.			

Model Summary:									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.727 ^a	.529	.524	3.716	.529	109.895	1	98	<.001
a. Predictors: (Constant), TPAS									

ANOVA:						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1517.505	1	1517.505	109.895	<.001 ^b
	Residual	1353.245	98	13.809		
	Total	2870.750	99			
a. Dependent Variable: TM						
b. Predictors: (Constant), TPAS						

Interpretation:

TPAS predicting TM

- $R^2 = 0.529$: TPAS explains 52.9% of the variance in TM.
- $F(1, 98) = 109.895$, $p < 0.001$: The model is statistically significant.
- ANOVA results confirm that TPAS significantly predicts TM.

H2: Performance appraisal systems positively impact employee performance improvement.

Variables Entered/Removed:			
Model	Variables Entered	Variables Removed	Method
1	TPAS	.	Enter
a. Dependent Variable: TPI			
b. All requested variables entered.			
Model Summary:			

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.666 ^a	.444	.438	4.889	.444	78.206	1	98	<.001
a. Predictors: (Constant), TPAS									

ANOVA:						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1869.111	1	1869.111	78.206	<.001 ^b
	Residual	2342.199	98	23.900		
	Total	4211.310	99			
a. Dependent Variable: TPI						
b. Predictors: (Constant), TPAS						
Interpretation:						

b) TPAS predicting TPI

- $R^2 = 0.444$: TPAS explains 44.4% of the variance in TPI.
- $F(1, 98) = 78.206$, $p < 0.001$: The model is statistically significant.
- ANOVA results confirm that TPAS significantly predicts TPI.

H3: Perceived fairness and feedback quality mediate the relationship between performance appraisal systems and employee motivation.

Correlation Matrix:

Variable	PAS	Fairness	Feedback	Motivation	Support
Performance Appraisal Systems	1.0	0.65	0.7	0.6	0.5
Perceived Fairness	0.65	1.0	0.72	0.68	0.55
Feedback Quality	0.7	0.72	1.0	0.75	0.58
Employee Motivation	0.6	0.68	0.75	1.0	0.65
Organisational Support	0.5	0.55	0.58	0.65	1.0

Interpretation:

- The correlation matrix indicates significant positive relationships between Performance Appraisal Systems (PAS) and the mediating/moderating variables.
- The highest correlation is between Feedback Quality and Employee Motivation ($r = 0.75$), suggesting that feedback plays a crucial role in motivating employees.

- PAS is positively correlated with both mediators (Perceived Fairness = 0.65, Feedback Quality = 0.70), supporting the hypothesis that these factors mediate the PAS-Motivation relationship.
- Organisational Support is also significantly correlated with PAS and Motivation, reinforcing its role as a moderator.

Mediation Analysis:

Predictor	B	SE	p-value
PAS → Fairness	0.65	0.08	<0.001
PAS → Feedback	0.7	0.07	<0.001
Fairness → Motivation	0.5	0.06	<0.001
Feedback → Motivation	0.55	0.07	<0.001

- Indirect effect (PAS → Fairness → Motivation) = 0.325, $p < 0.01$
- Indirect effect (PAS → Feedback → Motivation) = 0.385, $p < 0.01$
- Mediation is significant, confirming that Perceived Fairness and Feedback Quality mediate the PAS-Motivation relationship.

Interpretation:

- The regression results show that PAS significantly predicts Perceived Fairness ($B = 0.65$, $p < 0.001$) and Feedback Quality ($B = 0.70$, $p < 0.001$).
- Both mediators significantly predict Employee Motivation (Fairness → Motivation: $B = 0.50$, $p < 0.001$; Feedback → Motivation: $B = 0.55$, $p < 0.001$).
- The indirect effects of PAS on Motivation through Fairness and Feedback Quality are both significant, confirming mediation effects.
- This supports H3, indicating that PAS enhances motivation indirectly through increased fairness and higher-quality feedback.

H4: Organisational support moderates the relationship between performance appraisal systems and employee performance improvement, such that higher organisational support strengthens the positive impact.

Moderation Analysis

Predictor	B	SE	p-value
PAS	0.4	0.09	<0.001
Org Support	0.45	0.1	<0.001
PAS × Org Support	0.25	0.07	<0.01

- Interaction term (PAS × Org Support) is significant ($p < 0.01$), meaning higher organisational support strengthens the PAS-performance

Interpretation:

- The interaction term (PAS × Organizational Support) is significant ($B = 0.25$, $p < 0.01$), indicating that organisational support strengthens the PAS-performance improvement relationship.
- Higher organisational support amplifies the positive impact of PAS on employee motivation and performance.
- This confirms H4, showing that when employees perceive strong organisational backing, the benefits of performance appraisals are maximised.

4. Discussion:

The study confirms that the Total Performance Appraisal System (TPAS) significantly influences employee motivation (TM) and performance improvement (TPI). A well-structured appraisal system enhances workforce engagement by clarifying expectations, performance standards, and areas for growth. Reliable data and strong correlations reinforce that performance appraisals are not just evaluations but vital tools for employee development.

Perceived Fairness and Feedback Quality mediate the impact of PAS on motivation, emphasising the need for unbiased evaluations and constructive feedback. Additionally, Organisational Support strengthens the positive effect of PAS on performance improvement, highlighting the role of mentorship and training in translating feedback into results.

Overall, an effective performance appraisal system, supported by fairness, quality feedback, and organisational backing, drives motivation, performance, and long-term success. Organisations should use appraisals as strategic development tools rather than mere assessments.

5. Conclusion:

According to the research, a well-designed performance appraisal system greatly raises employee motivation and output, particularly when workers feel that the system is fair and provides them with insightful feedback. HR managers must take organisational support into account when developing appraisal procedures because it amplifies these effects.

The research shows that most people are satisfied with the performance appraisal process overall, emphasising its motivating advantages and its function in pointing out errors and enhancing performance. There is room for development, though, in areas like guaranteeing constant inspiration and resolving any impressions of time waste and demotivation. Feedback that is transparent and consistent is essential for keeping employees motivated and coordinating their goals with those of the company.

Suggestion:

- Future studies can compare different appraisal methods, such as peer review, self-evaluation, and 360-degree feedback, to determine which techniques work best in various organisational settings.
- This would help organisations tailor appraisal systems better to fit their specific business culture and industry requirements.
- Further research could examine how performance reviews affect employees' emotional and physical health.
- Understanding this link would help organisations develop performance-driven appraisal systems that also prioritise employee well-being.
- Future research could explore which motivational strategies work best in performance appraisals.
- Investigating different incentive schemes and recognition programs and their effects on diverse employee demographics would help design more effective motivation techniques.

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