

The Role Of Work Motivation In Mediating The Effect Of Performance Appraisal On Employee Performance

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Abstract

This study examines the role of work motivation in mediating the effect of performance appraisal on employee performance in the Government of Kotamobagu City, Indonesia. The study employed a quantitative explanatory design using a survey questionnaire distributed to 210 civil servants. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that performance appraisal has a positive and significant effect on work motivation ($\beta = 0.631$; $t = 7.771$; $p < 0.001$). Work motivation has a positive and significant effect on employee performance ($\beta = 0.732$; $t = 8.269$; $p < 0.001$), whereas the direct effect of performance appraisal on employee performance is negative and statistically insignificant ($\beta = -0.081$; $p = 0.296$). The indirect effect of performance appraisal on employee performance through work motivation is positive and significant ($\beta = 0.462$; $t = 6.413$; $p < 0.001$). These findings indicate that work motivation fully mediates the relationship between performance appraisal and employee performance. The model explains 54.3% of the variance in work motivation and 41.9% of the variance in employee performance. The study highlights the importance of strengthening performance appraisal systems as a mechanism for stimulating employee motivation and, ultimately, improving performance in public organizations.

Keywords: Performance Appraisal; Work Motivation; Employee Performance; Mediation; Public Sector

INTRODUCTION

Employee performance is a central concern in public-sector organizations because the quality of public services depends heavily on the capacity and commitment of civil servants. In local government, performance is not only reflected in the completion of

assigned tasks but also in the achievement of organizational targets, accountability, discipline, service orientation, and the ability to respond to changing public needs. Consequently, organizations need management mechanisms that can align individual performance with institutional objectives.

One of the important mechanisms is performance appraisal. Performance appraisal provides information about the extent to which employees meet established standards and targets, while also creating an opportunity for feedback, recognition, correction, and development. DeNisi and Pritchard (2006) explain that performance management can influence employee behavior when performance information is translated into meaningful goals and improvement actions. In this sense, appraisal is not merely an administrative procedure but can function as a behavioral mechanism.

However, performance appraisal does not automatically produce better employee performance. The psychological process through which appraisal influences employee behavior is important. Work motivation can serve as such a mechanism because employees who perceive performance feedback as meaningful, fair, and useful may be more willing to invest effort in their work. Goal Setting Theory developed by Locke and Latham provides a useful explanation: clear goals, feedback, and knowledge of results can direct effort and sustain motivation toward desired outcomes.

The Government of Kotamobagu City provides an important context for examining this relationship. Civil servants are expected to meet performance standards while adapting to administrative demands and public-service expectations. In such a context, the effectiveness of performance appraisal depends not only on the technical quality of the appraisal process but also on whether it is capable of strengthening employees' motivation.

Previous studies have generally reported positive relationships between performance appraisal, motivation, and employee performance. Nevertheless, the mechanism through which performance appraisal contributes to employee performance remains important to examine, particularly in local-government organizations. The present study therefore focuses on work motivation as a mediating variable between performance appraisal and employee performance.

The objectives of this study are to examine: (1) the effect of performance appraisal on work motivation; (2) the effect of work motivation on employee performance; (3) the direct effect of performance appraisal on employee performance; and (4) the mediating role of work motivation in the relationship between performance appraisal and employee performance.

THEORETICAL REVIEW

Goal Setting Theory

Goal Setting Theory proposes that specific and challenging goals, accompanied by appropriate feedback, can improve individual performance by directing attention, mobilizing effort, increasing persistence, and encouraging the development of task strategies. In organizational settings, performance appraisal provides employees with information about the achievement of their goals and the areas requiring improvement. Such feedback can strengthen employees' motivation when it is perceived as relevant and actionable.

In this study, performance appraisal is positioned as an organizational mechanism that provides information and feedback, work motivation represents the psychological mechanism that translates this information into effort, and employee performance represents the behavioral outcome. The theoretical relationship is therefore consistent with the proposition that appraisal and feedback can stimulate motivation, which subsequently contributes to better performance.

Performance Appraisal and Work Motivation

A well-designed performance appraisal system can clarify expectations, communicate performance standards, recognize achievements, and identify development needs. These functions can increase employees' willingness to exert effort because employees understand what is expected and how their performance is evaluated. Therefore, performance appraisal is expected to have a positive effect on work motivation.

H1: Performance appraisal has a positive and significant effect on work motivation.

Work Motivation and Employee Performance

Work motivation reflects the forces that energize, direct, and sustain employee behavior toward organizational goals. Motivated employees are more likely to demonstrate persistence, initiative, and commitment in completing their responsibilities. Thus, higher work motivation is expected to contribute positively to employee performance.

H2: Work motivation has a positive and significant effect on employee performance.

Performance Appraisal and Employee Performance

Performance appraisal can influence employee performance by providing standards, feedback, recognition, and corrective guidance. When appraisal results are used

constructively, employees can understand performance gaps and improve their work behavior. Therefore, a positive relationship between performance appraisal and employee performance is expected.

H3: Performance appraisal has a positive and significant effect on employee performance.

Mediating Role of Work Motivation

The effect of performance appraisal on employee performance may occur through work motivation. Performance information and feedback can affect employees' psychological readiness to invest effort, while motivation subsequently influences the intensity and persistence of work behavior. Accordingly, work motivation is expected to mediate the relationship between performance appraisal and employee performance.

H4: Work motivation significantly mediates the effect of performance appraisal on employee performance.

METHOD

Research Design and Sample

This study employed a quantitative explanatory research design. The population consisted of active civil servants in the Government of Kotamobagu City. The study used 210 respondents who completed the research questionnaire. Data were collected using a structured questionnaire with a five-point Likert scale.

Measurement and Data Analysis

Performance appraisal, work motivation, and employee performance were measured using indicators derived from the research instrument. The quality of the measurement model was assessed through reliability and convergent validity, while the structural model was evaluated using path coefficients, t-statistics, p-values, coefficient of determination (R^2), and effect size (f^2). Hypothesis testing and mediation analysis were conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM).

Measurement Model

The measurement model demonstrated satisfactory reliability and convergent validity. Performance appraisal had a Cronbach's alpha of 0.952, composite reliability of 0.961, and AVE of 0.805. Work motivation had a Cronbach's alpha of 0.897, composite reliability of

0.919, and AVE of 0.618. Employee performance had a Cronbach's alpha of 0.939, composite reliability of 0.950, and AVE of 0.733. These results indicate that the constructs were measured consistently and adequately.

RESULTS

Table 1. Descriptive Results

Variable	Mean	Standard Deviation	Interpretation
Performance Appraisal	4.447	0.723	Very high
Work Motivation	4.449	0.714	Very high

Source: Data to be processed in 2026

The descriptive results indicate that respondents generally assessed performance appraisal and work motivation positively. The mean score for performance appraisal was 4.447, while work motivation obtained a mean score of 4.449. These results suggest that respondents perceived the appraisal process and their motivation as relatively strong.

Table 2. Structural Model and Hypothesis Testing

Hypothesis	Path	β	t	p	Decision
H1	Performance Appraisal → Work Motivation	0.631	7.771	<0.001	Supported
H2	Work Motivation → Employee Performance	0.732	8.269	<0.001	Supported
H3	Performance Appraisal →	-0.081	—	0.296	Not supported

	Employee Performance				
H4	Performance Appraisal → Work Motivation → Employee Performance	0.462	6.413	<0.001	Supported

Source: Data to be processed in 2026

The results show that performance appraisal significantly affects work motivation ($\beta = 0.631$; $t = 7.771$; $p < 0.001$), supporting H1. Work motivation also has a significant positive effect on employee performance ($\beta = 0.732$; $t = 8.269$; $p < 0.001$), supporting H2. In contrast, the direct effect of performance appraisal on employee performance is not significant ($\beta = -0.081$; $p = 0.296$), so H3 is not supported. The indirect effect through work motivation is positive and significant ($\beta = 0.462$; $t = 6.413$; $p < 0.001$), supporting H4.

The coefficient of determination shows that performance appraisal explains 54.3% of the variance in work motivation ($R^2 = 0.543$), while performance appraisal and work motivation together explain 41.9% of the variance in employee performance ($R^2 = 0.419$). The effect size results indicate a large effect of performance appraisal on work motivation ($f^2 = 0.426$) and a large effect of work motivation on employee performance ($f^2 = 0.422$), whereas the direct effect of performance appraisal on employee performance is negligible ($f^2 = 0.002$).

DISCUSSION

Performance Appraisal and Work Motivation

The findings support the hypothesis that performance appraisal positively and significantly influences work motivation. This indicates that employees' perceptions of appraisal are closely associated with their motivation to perform. Appraisal can provide clarity regarding expectations, feedback regarding achievement, and recognition of work results. These mechanisms are consistent with Goal Setting Theory, which emphasizes the motivational value of goals and feedback.

The finding also suggests that performance appraisal should not be treated solely as a formal administrative requirement. When employees understand appraisal criteria and receive constructive feedback, appraisal can become a source of direction and encouragement. The relatively strong effect size ($f^2 = 0.426$) reinforces the importance of appraisal as an organizational mechanism for strengthening motivation.

Work Motivation and Employee Performance

Work motivation has a strong positive and significant effect on employee performance. The path coefficient of 0.732 and effect size of 0.422 indicate that motivation is an important determinant of employee performance in the study context. Motivated employees are more likely to direct their effort toward organizational objectives, maintain persistence when facing difficulties, and demonstrate greater commitment to completing tasks.

This finding reinforces the psychological mechanism emphasized in Goal Setting Theory. Goals and feedback are unlikely to produce sustained performance improvements unless employees are motivated to act on the information they receive. Therefore, strengthening employee motivation should be an integral part of performance-management practices.

Performance Appraisal and Employee Performance

The direct effect of performance appraisal on employee performance was negative but statistically insignificant. This result indicates that appraisal by itself did not produce a statistically detectable improvement in employee performance. The finding is important because it demonstrates that the existence of an appraisal system does not necessarily translate directly into better performance.

One possible interpretation is that appraisal information requires an intervening psychological process before it can influence behavior. If appraisal results are primarily administrative, employees may comply with the procedure without changing the effort they invest in their work. Thus, the quality of feedback, recognition, development opportunities, and motivational consequences of appraisal become important.

Work Motivation as a Full Mediator

The significant indirect effect combined with the non-significant direct effect indicates full mediation. Performance appraisal affects employee performance primarily through work motivation rather than through a direct pathway. In practical terms,

improving appraisal procedures is most likely to generate performance benefits when the process succeeds in increasing employees' motivation.

This finding provides a more nuanced explanation of the appraisal-performance relationship. Rather than assuming that appraisal directly improves performance, organizations should ensure that appraisal results are translated into motivational interventions, such as recognition, development opportunities, clear expectations, constructive feedback, and appropriate performance-related support.

CONCLUSION

This study concludes that performance appraisal significantly increases work motivation, and work motivation significantly improves employee performance. The direct effect of performance appraisal on employee performance is not significant, whereas its indirect effect through work motivation is significant. Therefore, work motivation fully mediates the relationship between performance appraisal and employee performance among civil servants in the Government of Kotamobagu City.

The findings imply that local-government organizations should strengthen performance appraisal as a developmental and motivational process rather than treating it merely as an administrative evaluation. Appraisal criteria should be clear, feedback should be constructive and timely, and appraisal results should be connected with employee development and recognition.

RECOMMENDATIONS

1. Government of Kotamobagu City should ensure that performance standards and appraisal criteria are clearly communicated to employees.
2. Supervisors should provide timely and constructive feedback so that appraisal results become actionable guidance for improvement.
3. Appraisal outcomes should be linked to recognition, competency development, and appropriate opportunities for advancement.
4. Management should monitor employee motivation after appraisal and provide targeted interventions where motivation is weak.
5. Future research may incorporate additional mediating or moderating variables such as organizational commitment, perceived fairness, leadership, organizational culture, or employee engagement.

LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDY

This study is limited by its focus on civil servants in the Government of Kotamobagu City and by the use of questionnaire-based self-reported data. Consequently, the findings should be generalized cautiously to other public organizations or regions. Future research could use longitudinal designs, multiple data sources, and broader samples. Further studies could also examine whether perceived fairness, leadership style, organizational culture, or employee engagement changes the strength of the relationships identified in this study.

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