



Employees' Perceptions of Performance Appraisal at BSI Bandar Lampung

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ABSTRACT

This study aims to examine employees' perceptions of performance appraisal at BSI Bandar Lampung, an institution in which appraisal practices play an important role in employee motivation and organizational development. A descriptive census approach was employed by involving all 90 employees, with data collected through a validated online questionnaire and analyzed using descriptive statistics. The research findings indicate that employees generally perceive the appraisal process as fair, transparent, and objective, with most respondents reporting satisfaction and motivation to enhance their career development. Nevertheless, some employees still experience limited transparency and report negative impacts on their well-being. This study contributes by providing empirical evidence from a public health education institution in Indonesia and highlighting the importance of strengthening communication, feedback, and attention to well-being in performance appraisal practices. The novelty of this research lies in its examination of employees' perceptions within the context of a government-owned health polytechnic, offering insights to improve performance appraisal systems in similar public sector institutions.

Keywords: *Employee Perceptions; Performance Appraisal; Transparency; Well-being;*

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INTRODUCTION

The role of human resources in an organization is extremely important. Therefore, it is necessary to improve various aspects of human resources to support honest and specialized human resource training and development. Employees must have high motivation to consistently give their best to the organization. What an organization ultimately seeks to achieve is largely determined by the quality of its employees. Organizations strongly expect their employees to be well motivated in carrying out their duties. To create such conditions, efforts are required to monitor, maintain, and develop employee performance through performance appraisal.

Employees as human capital at Bank Indonesia are managed through the concept of talent management, which aims to align the right people with the right jobs based on the organization's strategic objectives (Ariawan, (2022); (Marini et al., 2023). Bank Indonesia (BI) ensures the development of its employees through several key components, namely the recruitment and selection process, orientation process, performance management process, recognition and retention process, education and training process, and succession planning process (Nurhalizah, S., & Oktiani, 2024). Talent development is a crucial aspect in ensuring individual success and growth across various fields. For talent development to be effective, affirmation and motivation are required .

Performance appraisal (PA) is a systematic, directed, and integrated evaluation process used to assess all elements possessed by employees as productive workers (Parulian Hutagao, Se Tin, 2025). This appraisal aims to comprehensively evaluate the implementation of work and

employees' work behavior within an organization to ensure that all tasks carried out are in accordance with previously established plans. If errors or deviations occur, corrective actions can be taken promptly and followed up in accordance with applicable regulations.

The implementation of a PA system within an organization is of significant importance. This can be clearly seen in that PA is not merely about assessing or identifying employees' strengths and weaknesses, but more broadly about helping employees achieve the performance expected by the organization and being oriented toward employee development (Hidayati et al., 2025).

The relationship between the PA system and human resources (HR) within an organization is very close. One way to observe this relationship is by examining the level of performance achieved by an employee over a certain period of time. If employee performance achievement is high, it can be concluded that the PA system implemented in the organization is effective, and vice versa (Mahaputri, 2025).

Bank Syariah Indonesia (BSI) is a leading Islamic financial institution that plays a crucial role in supporting the national economy through sharia-based banking services. In order to remain competitive and sustainable in an increasingly dynamic banking environment, BSI must be supported by high-quality, competent, and professional human resources (Tumija, 2023). One of the strategic efforts undertaken by the organization to maintain and enhance the quality of its human resources is the implementation of a comprehensive performance appraisal (PA) system (Uswatun Chasanah, 2023). The application of an effective PA system is expected to improve employee productivity, which is essential for achieving the organization's vision, mission, objectives, and strategic goals (Erialdy, 2024).

To continuously improve the implementation of the PA system that has been and is currently applied at Bank Syariah Indonesia, particularly at the head office level, it is necessary to conduct systematic evaluations. These evaluations should involve feedback and input from both appraisees (employees) and appraisers (supervisors or evaluators) (Samsudin et al., 2024). One important step in this evaluation process is to examine employees' perceptions as the subjects being assessed toward the existing performance appraisal system (Kurniawan et al., 2025). Understanding employees' perceptions is crucial to ensuring that the PA system is implemented in a fair, transparent, objective, and accountable manner, so that employees feel valued and satisfied with the appraisal results they receive.

Based on this background, the research problem can be formulated as follows: to what extent do employees at Bank Syariah Indonesia understand and perceive the performance appraisal system in terms of comprehension of the system, PA guidelines, appraisal procedures, appraisers, objection submission mechanisms, planning, objectivity, and feedback? Additionally, what factors need to be improved to strengthen the performance appraisal system at Bank Syariah Indonesia in the future?

Accordingly, the purpose of this study is to describe and analyze the level of employees' perceptions of the performance appraisal system implemented at Bank Syariah Indonesia, viewed from aspects of understanding, PA guidelines, appraisal mechanisms, objection submission procedures, planning, objectivity, and feedback, as well as to identify factors that require improvement to support a more effective performance appraisal system in the future (Mareta et al., 2025).

2. Literature review and hypothesis development

2.1 Human Resource Management

Human resources in an organization are one of the essential aspects that determine organizational success. An organization will be able to achieve its objectives if it is supported by qualified individuals whose goals are aligned with those of the organization (Nurmagustini et al., 2019). According to Hasibuan, (2003), human resource management is defined as the science and art of regulating relationships and roles of the workforce in an effective and efficient manner to help achieve the objectives

of the company, employees, and society. Meanwhile, Schuler et al. define human resource management as the recognition of the importance of the organization's workforce as a vital human resource that contributes significantly to the achievement of organizational goals, and the use of various functions and activities to ensure that human resources are utilized effectively and fairly for the benefit of individuals, organizations, and society. Kurata et al., (2011) also defines human resource management as the management and utilization of resources inherent in individuals. Such management and utilization are developed optimally in the workplace to achieve organizational goals as well as individual employee development.

2.2 Employee Performance Appraisal

An organization, whether in the public or private sector, always expects to grow and develop effectively, which is indicated by improvements in organizational performance. Organizational performance is the accumulation of the performance of individuals within the organization in achieving its objectives. One way to determine the extent of employees' contributions to the organization is through performance appraisal. Performance appraisal is one of the most important activities in an organization and can be used as a basis for policy-making related to compensation or reward and punishment systems, employee training and development programs, as well as a means of providing feedback to employees regarding the work they perform. In the implementation of employee performance appraisal, there must be positive and continuous interaction between supervisors and subordinates, or between appraisers and appraisees, in order to generate satisfaction among employees being evaluated. In other words, positive attitudes and behaviors can be formed when performance appraisal is conducted by taking fairness into consideration (Afrianty, T. W., & Putriwahyuni, 2020).

According to Simanjuntak as cited in Sinollah, S., & Hermawanto, (2020), the benefits of performance appraisal include performance improvement, human resource development, compensation provision, productivity improvement programs, personnel programs, and the prevention of discriminatory treatment.

In conducting performance appraisal, several parties within the organization may be involved in the evaluation process. Organizations may determine the parties authorized to conduct performance appraisal. Robbins (2007) states that employee performance can be assessed by several parties, namely direct supervisors, co-workers, self-evaluation, direct subordinates, and a comprehensive or 360-degree approach.

2.3 Performance Assessment in Public Sector Organizations

Performance appraisal is a human resource management instrument aimed at assessing employees' work achievements based on standards established by the organization. In the public sector, performance appraisal functions not only as an administrative evaluation tool but also as a mechanism for accountability, employee development, and improvement of public service quality (Barbieri, M et al, 2023). An effective performance appraisal system should be able to integrate individual goals with organizational objectives so that employee performance contributes optimally to the achievement of institutional missions (Aguilera et al., 2024).

In the context of civil servants (Aparatur Sipil Negara/ASN), performance appraisal serves as a strategic instrument to ensure that employees carry out their duties and responsibilities professionally and with a results-oriented approach. Systematic

performance evaluation is essential to support decision-making related to competency development, promotion, and the provision of rewards (Pantow, S. C. J., & Lambelanova, 2023). However, the effectiveness of performance appraisal is strongly influenced by how the system is perceived by the employees being evaluated.

2.4 Employee Perceptions of Performance Appraisal

Employees' perceptions of performance appraisal refer to the way individuals interpret the fairness, transparency, objectivity, and usefulness of the appraisal system implemented by the organization. These perceptions are a critical factor because they determine the level of employee acceptance of appraisal outcomes as well as the behavioral responses that follow (Maurer et al, 2024). Performance appraisal systems that are perceived negatively have the potential to reduce employee motivation, job satisfaction, and trust in the organization (Doan et al., 2022). Conversely, when employees perceive performance appraisal as fair and credible, they tend to exhibit positive attitudes, such as increased organizational commitment and work engagement (Micacchi et al., 2023). Therefore, employees' perceptions serve as an important indicator for assessing the success of performance appraisal system implementation, particularly in public sector organizations that are characterized by bureaucratic and hierarchical structures.

2.5 Fairness, Transparency, and Objectivity of Performance Assessment

Fairness in performance appraisal is one of the primary determinants in shaping employees' positive perceptions. Fairness encompasses procedural justice (clarity and consistency of the appraisal process), distributive justice (fairness of appraisal outcomes), and interpersonal justice (the quality of supervisors' treatment of employees during the appraisal process) (Taneja & Srivastava, 2023). When employees perceive that appraisal criteria are applied consistently and without bias, appraisal outcomes are more likely to be accepted. In addition to fairness, transparency is also a crucial factor in performance appraisal. Transparency refers to the openness of information regarding appraisal criteria, processes, and results. Rodrigues et al., (2023) found that transparency and appraisal accuracy are positively associated with employees' satisfaction with the performance appraisal system. Furthermore, objectivity in performance appraisal, defined as evaluations based on actual performance and measurable indicators, plays a significant role in enhancing employees' trust in the appraisal system (Barbieri et al, 2023).

2.6 The Impact of Performance Appraisal on Motivation, Satisfaction, and Career Development

Positively perceived performance appraisal can serve as a source of motivation for employees to improve their performance. A clear and development-oriented appraisal system is able to encourage productive and innovative work behaviors. Thneibat, M. M., & Sweis, (2023) demonstrated that satisfaction with performance appraisal mediates the relationship between the legitimacy of the appraisal system and employees' innovative behavior. Beyond motivation, satisfaction with performance appraisal also contributes to employees' perceptions of career development opportunities. When appraisal results are used as a basis for decisions related to employee development, employees tend to view performance appraisal as a useful tool

for their professional advancement (Rodrigues et al., 2023). However, when the appraisal process is perceived as unfair or lacking transparency, performance appraisal may instead generate stress and negatively affect employees' well-being at work (Smollan & Mooney, 2024).

2.7 Employee Performance and Welfare Assessment

Employee well-being has become an increasingly important aspect in human resource management research. Performance appraisal systems that place excessive emphasis on evaluative control without being balanced by support and constructive feedback have the potential to generate psychological pressure on employees (Smollan & Mooney, 2024). In the context of educational institutions and public service organizations, employee well-being has direct implications for service quality and the sustainability of organizational performance (Maurer et al, 2024). Therefore, it is essential for organizations to ensure that performance appraisal systems are not solely oriented toward control and supervision, but also support employee well-being and continuous development.

2.8 Hypothesis Development

Based on the literature review and the descriptive nature of the study, which aims to describe employees' perceptions, the research hypotheses are formulated as descriptive hypotheses as follows:

1. H1: Employees of Bank Syariah Indonesia (BSI) Bandar Lampung have a positive perception of fairness in the performance appraisal process.
2. H2: Employees of BSI Bandar Lampung have a high level of satisfaction with the performance appraisal system and procedures.
3. H3: Performance appraisal is perceived as capable of enhancing work motivation and supporting employees' career development.
4. H4: The performance appraisal process at BSI Bandar Lampung is perceived as transparent, consistent, and objective.
5. H5: Performance appraisal is perceived to have a positive impact on employees' work well-being, although there remains the potential for negative effects among some employees.

These hypotheses serve as a conceptual framework for describing and interpreting employees' perceptions of the performance appraisal system at Bank Syariah Indonesia (BSI) Bandar Lampung.

3. Research methodology

This research was carried out at Bank Syariah Indonesia (BSI) Bandar Lampung using a descriptive census research design. The descriptive approach was employed because the study aims to present a detailed depiction of employees' perceptions rather than to examine causal relationships among variables. This design is appropriate for obtaining an in-depth understanding of perceptions across the entire population. The study population comprised all 90 employees working at BSI Bandar Lampung. Since every member of the population participated, the study qualifies as a census, ensuring that the findings represent the collective perceptions of employees from all organizational units.

Data were collected using a structured online questionnaire consisting of closed-ended questions measured on a four-point Likert scale, ranging from 1 (strongly disagree) to 4 (strongly agree). The questionnaire was developed based on relevant theoretical perspectives and empirical studies related to performance appraisal perceptions. It assessed multiple

dimensions, including fairness, which reflects employees' views on the equity of the appraisal process; satisfaction, which captures employees' overall satisfaction with the appraisal system and its procedures; motivation, which examines the extent to which appraisal influences employees' willingness to improve performance; and transparency, which evaluates the clarity and accessibility of information throughout the appraisal process. Additional dimensions included consistency and objectivity, referring to the uniform application of appraisal criteria without bias; feedback, which measures the availability and usefulness of constructive performance-related input; career development, which considers the role of appraisal outcomes in supporting professional growth; and well-being, which reflects both the positive and negative effects of performance appraisal on employees' psychological and occupational well-being.

To ensure the rigor of the data, the questionnaire underwent content validation by three experts in human resource management and higher education institutions. Reliability was assessed through a pilot study involving 30 employees who were not included in the main sample, resulting in a Cronbach's alpha value of 0.87, indicating a high level of internal consistency. Following the acquisition of ethical clearance from the BSI Bandar Lampung Ethics Committee and formal research approval, the questionnaire was distributed electronically through official institutional channels. Respondents were given a two-week period to complete the survey, and informed consent was obtained from all participants. The principles of confidentiality and voluntary participation were strictly maintained throughout the data collection process.

The collected data were analyzed using descriptive statistical techniques, specifically frequencies and percentages. The use of descriptive analysis alone is justified because the study does not aim to test hypotheses or identify causal links, but rather to describe the overall distribution of employees' perceptions. This approach is sufficient to reveal dominant patterns, summarize key tendencies, and provide meaningful insights into how employees perceive the performance appraisal system at BSI Bandar Lampung.

3. Results and Discussion

Results

This study involved 90 employees of Bank Syariah Indonesia (BSI) Bandar Lampung. The majority of respondents were female (58.9%), and most belonged to the middle-to-senior age groups, with 41.1% aged 45–54 years and 32.2% aged over 55 years. More than four-fifths of the respondents (81.1%) had worked at the institution for over ten years, indicating a relatively stable and experienced workforce. Employees in academic-related roles constituted the largest group (56.7%), followed by administrative staff (32.2%), reflecting the institutional characteristics of BSI Bandar Lampung. In terms of educational background, the respondents demonstrated a high level of qualification, with 62.2% holding a master's degree, highlighting the strong quality of the institution's human resources.

Regarding experience with performance appraisal, nearly half of the employees (46.7%) had undergone performance evaluations more than five times, suggesting that the appraisal process is implemented regularly and systematically. However, the provision of feedback appeared to be less consistent. While 37.8% of respondents reported frequently receiving feedback, 26.7% indicated that they rarely received it. This finding points to the need for improved follow-up communication after the appraisal process.

Overall, perceptions of fairness were generally favorable. A total of 42.2% of respondents perceived the appraisal process as fair, while 38.9% considered it to be fairly adequate. Satisfaction with the performance appraisal system was also relatively high, with 55.6% reporting satisfaction and 16.7% expressing a high level of satisfaction. Similarly, transparency and objectivity were viewed positively, with approximately 44% of respondents agreeing that the appraisal system was consistent and objective. These results suggest that employees largely trust the integrity of the performance appraisal system.

Performance appraisal was also perceived as having a positive influence on motivation and career development. Approximately 42.2% of employees agreed that the appraisal process

enhanced their work motivation, while 26.7% felt strongly motivated. In terms of career development, 41.1% believed that appraisal outcomes supported their professional advancement, and an additional 33.3% expressed moderate confidence in this regard. These findings indicate that performance appraisal functions not only as a monitoring mechanism but also as a tool for employee development.

Despite these positive perceptions, several challenges remain. A small proportion of respondents (7.8%) perceived the appraisal process as lacking transparency, and 25.6% reported experiencing negative effects of performance appraisal on their well-being. Although these views represent a minority, they highlight the importance of strengthening communication and paying greater attention to employee well-being within the appraisal system.

To enhance clarity and reduce redundancy in narrative reporting, graphical representations such as bar charts and pie charts are recommended to complement the tables. These visualizations would illustrate the distribution of employees' perceptions across various dimensions more clearly, making patterns easier to interpret.

Characteristics of Respondents Based on Employees' Perceptions of Performance Appraisal at BSI Bandar Lampung

This study involved 90 employees of BSI Bandar Lampung. The majority of respondents were female (58.9%), while male employees accounted for 41.1%. In terms of age distribution, most respondents were in the middle to senior age groups, with 41.1% aged between 45–54 years and 32.2% aged over 55 years. Only a small proportion of respondents were under 35 years of age (3.3%), indicating that the workforce is predominantly mature and experienced.

Regarding length of employment, more than four-fifths of respondents (81.1%) had worked at the institution for more than ten years, reflecting a relatively stable workforce with long-term organizational attachment. Meanwhile, only 3.3% had worked for 1–3 years, and 15.5% had a tenure of less than ten years.

In terms of job position, lecturers constituted the largest group of respondents (56.7%), followed by administrative staff (32.2%). A smaller proportion held managerial or coordinator positions (4.4%), while 6.7% occupied other roles. This composition reflects the academic character of the institution.

The educational background of respondents was relatively high. Most employees held a master's degree (62.2%), followed by bachelor's degree holders (22.2%). Only a small number held a diploma (10.0%) or a doctoral degree (5.6%), indicating a strong level of human capital within the institution.

With respect to performance appraisal experience, nearly half of the respondents (46.7%) reported having received performance appraisals more than five times, suggesting that the appraisal system is conducted regularly and systematically. Meanwhile, 22.2% had undergone performance appraisal two to three times, and 21.1% four to five times. Only 10.0% reported having experienced performance appraisal once.

However, the provision of performance feedback appeared to be less consistent. Although 37.8% of respondents stated that they often received feedback and 7.8% very often, a considerable proportion reported receiving feedback rarely (26.7%) or very rarely (6.7%). This finding indicates a need to strengthen post-appraisal communication and feedback mechanisms.

In terms of satisfaction, respondents generally expressed positive perceptions of the performance appraisal system. More than half of the employees (55.6%) reported being satisfied, and 16.7% were very satisfied with the appraisal they received. Only 2.2% expressed dissatisfaction, suggesting that the system is largely accepted by employees.

Regarding capacity building, the majority of respondents (71.1%) had participated in performance-appraisal-related training, indicating institutional support for employee competency development. Nevertheless, nearly one-third (28.9%) had never attended such training, suggesting opportunities for broader training coverage.

Finally, respondents demonstrated a high level of motivation for career development. Most employees reported moderate (38.9%) to high motivation (36.7%), while 22.2% indicated

very high motivation. Only a small proportion (2.2%) reported low motivation. Overall, these findings suggest that employees at BSI Bandar Lampung possess strong career aspirations supported by a generally positive perception of the performance appraisal system.

Source: Primary Data, 2025

Employee Perceptions of Employee Performance Assessment at BSI Bandar Lampung

The results of this study indicate that employees of BSI Bandar Lampung generally hold positive perceptions of the performance appraisal system. In terms of procedural fairness, the majority of respondents perceived the appraisal process as fair. A total of 42.2% of respondents stated that the performance appraisal process was fair, while 17.8% perceived it as very fair, and 38.9% considered it fairly fair. Only a small proportion of respondents (1.1%) viewed the process as unfair. These findings suggest that most employees accept and trust the fairness of the appraisal procedures implemented within the institution.

Consistent with perceptions of fairness, satisfaction with the performance appraisal system and procedures was also relatively high. Nearly half of the respondents (48.9%) reported being satisfied, and 15.6% were very satisfied with the appraisal system, while only 3.3% expressed dissatisfaction. This indicates that the existing appraisal system is generally well received by employees.

Regarding the acceptability of appraisal outcomes, the majority of respondents agreed that the results of performance appraisal were fair and acceptable. Specifically, 47.8% agreed and 18.9% strongly agreed with this statement, whereas only 2.2% disagreed. This suggests that appraisal outcomes are largely perceived as legitimate and credible by employees.

In relation to work motivation, the findings reveal that performance appraisal plays an important motivational role. A total of 42.2% of respondents stated that performance appraisal influenced their work motivation, and 26.7% indicated that it had a very strong influence. Similarly, when asked to what extent performance appraisal motivates them to achieve better performance, most respondents reported that it was motivating (43.3%) or very motivating (20.0%). These results highlight the role of performance appraisal as a driver of employee motivation.

With respect to transparency, most respondents perceived the appraisal process as transparent. Approximately 37.8% of respondents considered the process transparent, 17.8% very transparent, and 36.7% fairly transparent. Nevertheless, 7.8% of respondents perceived the process as lacking transparency, indicating that improvements in information disclosure and communication are still needed.

Perceptions of consistency and objectivity were also generally positive. Regarding consistency, 44.4% of respondents perceived the appraisal system as consistent and 16.7% as very consistent, while only a small number viewed it as inconsistent. In terms of objectivity, 44.4% perceived the appraisal process as objective and 16.7% as very objective, suggesting that employees largely believe that evaluations are conducted based on clear and unbiased criteria.

In addition, satisfaction with information openness and managerial support during the appraisal process was relatively high. A total of 42.2% of respondents reported being satisfied and 15.6% very satisfied with the openness of appraisal-related information. Similarly, support from supervisors or management was perceived positively, with 41.1% of respondents reporting satisfaction and 20.0% reporting very high satisfaction.

Concerning career development and potential development, the findings indicate that performance appraisal is perceived as supportive. Approximately 41.1% of respondents were confident and 21.1% were very confident that performance appraisal helps support their career development. Furthermore, 43.3% stated that performance appraisal supports the development of their potential, while 20.0% perceived it as very supportive. This suggests that appraisal is viewed not merely as an evaluative tool, but also as a developmental mechanism.

Most respondents also believed that performance appraisal contributes to institutional performance improvement, with 38.9% reporting confidence and 24.4% reporting very high confidence. At the same time, a large proportion of respondents believed that there are still

aspects of the appraisal system that can be improved to better support organizational goals, as reflected by the high levels of agreement on the need for improvement.

Regarding employee well-being, the majority of respondents believed that performance appraisal had a positive impact. Specifically, 36.7% were confident and 23.3% were very confident that performance appraisal positively affected their well-being at work. However, a notable proportion of respondents reported experiencing negative impacts to varying degrees. Approximately 25.6% reported a moderately negative impact, and 5.6% reported a very strong negative impact. These findings indicate that although performance appraisal is generally perceived positively, attention to psychological well-being and supportive practices remains essential.

Overall, the findings demonstrate that employees at BSI Bandar Lampung generally perceive the performance appraisal system as fair, transparent, consistent, and objective, with positive implications for motivation, satisfaction, career development, and institutional performance. Nevertheless, the presence of perceived negative impacts among a minority of employees highlights the need for improvements, particularly in feedback practices, communication, and employee well-being support.

Source: Primary Data, 2025

With regard to the frequency of performance appraisal, most employees (46.7%) reported having undergone performance evaluations more than five times, indicating that the appraisal process at BSI Bandar Lampung is conducted regularly and in a systematic manner. Meanwhile, 22.2% of employees had experienced performance appraisal two to three times, and 21.1% reported four to five appraisal cycles. Only a small proportion of respondents (10.0%) indicated that they had participated in performance appraisal only once. These findings suggest that the performance appraisal system has been implemented consistently, although opportunities remain to increase appraisal exposure for employees with limited appraisal experience.

In contrast, the provision of performance feedback appears to be less consistent. While 37.8% of respondents reported frequently receiving feedback, 26.7% indicated that feedback was rarely provided, and 6.7% stated that they very rarely received feedback. Additionally, 21.1% reported receiving feedback moderately often, whereas only 7.8% perceived feedback as very frequent. This pattern highlights the need for improving both the frequency and quality of feedback to support continuous performance improvement.

Employees' satisfaction with performance appraisal was generally favorable. More than half of the respondents (55.6%) expressed satisfaction with the appraisal system, while 25.6% reported being moderately satisfied and 16.7% indicated high satisfaction. Only 2.2% expressed dissatisfaction. These results indicate that the appraisal system is largely effective and well accepted by employees. In terms of performance-related training, 71.1% of respondents reported having participated in training programs, while 28.9% had not. The high level of training participation suggests that BSI Bandar Lampung actively supports employee competency development through structured training initiatives.

Regarding career development motivation, most employees demonstrated strong motivation. A total of 38.9% reported moderate motivation, 36.7% high motivation, and 22.2% very high motivation, with only 2.2% indicating low motivation. This distribution reflects a generally positive attitude among employees toward self-development and career advancement. Overall, the findings indicate that employees hold positive perceptions of performance appraisal, report high levels of satisfaction, and exhibit strong motivation for career development. Nevertheless, enhancing the consistency of performance feedback remains an important area for improvement.

One of the key dimensions examined in this study is perceived fairness in the performance appraisal process. The results show that 42.2% of employees perceived the appraisal process as fair, while an additional 38.9% considered it moderately fair. This indicates that the majority of employees view the appraisal system as equitable, reinforcing the importance of fairness as a foundation for positive employee perceptions.

The study also explored employee satisfaction with appraisal systems and procedures. The findings reveal that 48.9% of respondents felt satisfied and 32.2% felt moderately satisfied with the system, whereas only 3.3% reported dissatisfaction. This relatively high level of satisfaction suggests that employees generally accept the appraisal procedures implemented at BSI Bandar Lampung.

Furthermore, the study examined the impact of performance appraisal on work motivation and career development. Survey results indicate that 42.2% of employees perceived appraisal as having a positive influence on their work motivation, while 26.7% perceived a strong influence. In terms of career development, 41.1% of respondents expressed confidence that appraisal outcomes support their career advancement, and 33.3% reported moderate confidence. These findings demonstrate that performance appraisal is perceived not merely as an evaluative mechanism, but also as a driver of motivation and professional growth.

Perceptions of transparency and consistency were also assessed. The results show that 37.8% of employees perceived the appraisal process as transparent, while 36.7% considered it moderately transparent. Although most respondents viewed transparency positively, a small proportion (7.8%) perceived the process as lacking transparency. Regarding consistency, 44.4% perceived the system as consistent, with an additional 33.3% indicating moderate consistency. These results suggest that the appraisal system is largely perceived as transparent and consistently implemented.

In terms of objectivity, 44.4% of employees perceived the appraisal system as objective, and 36.7% considered it moderately objective, indicating that most employees believe evaluations are conducted based on unbiased and measurable criteria. Feedback was also perceived as reasonably constructive, with 34.4% reporting frequent feedback and 28.9% reporting moderately frequent feedback.

Finally, the study assessed employees' perceptions of the impact of performance appraisal on well-being. The findings indicate that 36.7% of employees were confident that appraisal had a positive effect on their well-being, while 32.2% expressed moderate confidence. However, 25.6% reported experiencing relatively negative effects. Although the overall perception of appraisal remains positive, this finding underscores the importance of improving appraisal practices to minimize adverse effects on employee well-being.

DISCUSSION

This study demonstrates that employees at BSI Bandar Lampung generally perceive the performance appraisal process as fair, transparent, and objective, and as having positive effects on job satisfaction, motivation, and career development. These findings reinforce the significance of performance appraisal in shaping employee outcomes, as emphasized in prior studies (Taneja & Srivastava, 2023). At the same time, the presence of a small group of employees who reported limited transparency and negative effects on well-being indicates that the performance appraisal system has not yet delivered benefits evenly across all employees. This highlights the need for targeted improvements in specific aspects of the appraisal process.

A critical comparison with previous research reveals both convergence and divergence. For example, Maurer et al. (2024) found that performance appraisal frameworks in healthcare institutions influence not only individual performance but also organizational culture, particularly through transparent and open dialogue between supervisors and staff. Consistent with these findings, the present study shows that employees value fairness and feedback; however, communication gaps remain that constrain the overall effectiveness of the appraisal system. Similarly, Ghazi et al. (2023) reported that when the legitimacy of performance appraisal is questioned, employees may engage in counterproductive behaviors or reduce innovative efforts. Although most respondents in this study expressed satisfaction, the existence of a dissatisfied minority suggests a potential risk of declining work engagement if transparency and employee well-being are not adequately addressed.

From a theoretical perspective, this study contributes to organizational justice theory by illustrating how fairness, objectivity, and transparency in performance appraisal shape

employees' motivation, satisfaction, and confidence in career development opportunities. By focusing on a government-affiliated health higher education institution a context that has received limited attention in performance appraisal research this study extends existing literature, which predominantly concentrates on corporate organizations or the public sector in general (Twal & Khair, 2023). The findings therefore enrich theoretical understanding by emphasizing the importance of institutional context in moderating employees' perceptions of appraisal systems.

In terms of practical implications, the study underscores the importance of strengthening feedback mechanisms and paying greater attention to employee well-being within the performance appraisal process. In line with Smollan and Mooney (2024), performance expectations can generate both positive and negative outcomes depending on organizational culture. Consequently, organizational leaders should ensure that performance appraisal serves not only as an evaluative tool but also as a developmental mechanism by integrating structured feedback, coaching, and mentoring practices. Such approaches can help balance accountability with employee growth. Moreover, enhancing transparency and clarifying appraisal criteria may reduce misunderstandings and strengthen employees' trust in the appraisal process.

Overall, this study highlights that performance appraisal in government health higher education institutions should be evaluated not only in terms of procedural fairness but also with respect to employee development and the psychological impacts it generates. The novelty of this research lies in its focus on employees' perceptions within a state health polytechnic context, providing empirical evidence from an institutional setting that is rarely examined and expanding the theoretical discourse on performance appraisal in the public sector.

4. Conclusion

This study indicates that employees at BSI Bandar Lampung generally perceive the performance appraisal system as fair, transparent, consistent, and objective, and as having positive effects on motivation, job satisfaction, and career development. Nevertheless, a small proportion of employees expressed concerns regarding transparency and reported negative impacts on their well-being, suggesting the need for improvements in communication, feedback mechanisms, and employee well-being support. These findings suggest that although performance appraisal within state health higher education institutions has fulfilled its evaluative function, greater emphasis should be placed on developmental aspects to strengthen employee trust and engagement. Future research may explore causal relationships between performance appraisal perceptions and long-term employee outcomes, or conduct comparative analyses across different public sector organizational contexts. By focusing on a state health polytechnic, this study provides new insights into performance appraisal practices within an institutional setting that remains relatively underexplored.

Despite its contributions, this study has several limitations that should be acknowledged. First, the research employed a cross-sectional design, which limits the ability to establish causal relationships between perceptions of performance appraisal and employee outcomes such as motivation, satisfaction, and well-being. The findings therefore reflect associations rather than definitive cause-effect dynamics. Second, the data were collected using self-reported questionnaires, which may be subject to response bias, including social desirability or respondents' reluctance to express critical views, particularly within a public-sector institutional context. Third, the study was conducted in a single state health higher education institution, which may limit the generalizability of the findings to other organizational settings or sectors.

Future research is encouraged to address these limitations by adopting longitudinal or mixed-methods approaches to better capture changes in employee perceptions over time and to explore causal mechanisms more rigorously. Comparative studies across different public sector organizations or regions would also enhance the external validity of the findings. In addition, future studies may incorporate variables such as leadership style, organizational culture, and

psychological safety to provide a more comprehensive understanding of how performance appraisal systems influence employee well-being and career development.

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