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THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM ON EMPLOYEE PERFORMANCE: THE MEDIATING ROLE OF CONTINUOUS FEEDBACK AMONG EDUCATORS

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Abstract

This study examines the effect of performance appraisal systems on employee performance, with continuous feedback as a mediating variable among educators. This research adopts a quantitative explanatory approach using a cross-sectional design. Data were collected from 30 respondents using stratified purposive sampling. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that performance appraisal systems have a positive and significant influence on continuous feedback. Furthermore, continuous feedback significantly influences employee performance and serves as a partial mediating variable in the relationship between performance appraisal system and employee performance. The direct effect of performance appraisal system on performance is weaker compared to the indirect effect through continuous feedback. The study contributes to performance management literature by emphasizing the role of continuous feedback as a key mechanism linking performance appraisal systems and employee performance. Practically, the findings suggest that organizations should integrate structured and continuous feedback into performance appraisal systems to enhance employee performance).

Keywords: performance appraisal system, continuous feedback, employee performance

INTRODUCTION

Teachers are strategic actors in the education system who play a direct role in shaping the quality of human resources. The effectiveness of educational institutions is strongly influenced by teachers' performance in planning, implementing, and evaluating learning processes (Robbins & Judge, 2017; Aguinis, 2019).

However, the teaching profession faces structural challenges, including high administrative workload and declining interest among younger generations (Stone & Deadrick, 2015). Performance appraisal systems in many institutions tend to emphasize administrative compliance rather than actual teaching effectiveness, which may reduce instructional quality (Armstrong, 2021).

From a human resource management perspective, the performance appraisal system should function not only as a control mechanism but also as a developmental tool. The performance appraisal system plays a critical role in evaluating effectiveness and ensuring alignment with organizational goals (Aguinis, 2019).

The effectiveness of performance appraisal system is influenced by communication processes within organizations. Continuous feedback enables employees to receive timely

information about their performance and make necessary improvements (London, 2014). In educational settings, continuous feedback supports reflection, collaboration, and professional development.

This study examines the influence of performance appraisal system on employee performance, with continuous feedback as a mediating variable. The study aims to provide insights into how performance evaluation systems can be designed to enhance employee performance sustainably. However, limited studies have empirically examined the mediating role of continuous feedback in educational institutions, particularly using SEM approaches. This study provides empirical evidence of the mediating role of continuous feedback in performance management within educational institutions using SEM analysis.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

I. Performance Appraisal System and Continuous Feedback

Modern performance appraisal systems emphasize continuous development rather than periodic evaluation. Continuous feedback facilitates communication and improves performance outcomes (Sutrisno, 2022; Raharjo, 2020; Pratama & Sari, 2022).

Empirical evidence shows that continuous feedback improves engagement and development when implemented effectively (Chhapola, 2024). Organizational support is also essential for successful implementation (Nababan et al., 2025).

Based on theoretical and empirical arguments, the following hypothesis is proposed

H1: Performance appraisal system has a positive effect on continuous feedback.

II. Continuous Feedback and Employee Performance

Continuous feedback enhances performance by improving task understanding and motivation (Anseel et al., 2015). Human-delivered feedback is more effective than system-generated feedback (Giamos et al., 2024). Empirical findings show mixed results, indicating that the effectiveness of feedback depends on contextual factors (Naskar & Batley, 2025). Meaningful work and positive work experiences are stronger motivators than financial incentives, and feedback plays a role in reinforcing this perception (Schultz, 2015). This study is grounded in Feedback Intervention Theory, which explains how feedback influences performance through cognitive and behavioral adjustments. Thus, continuous feedback serves not only as an evaluative tool but also as a strategic mechanism for sustainable performance improvement.

H2: Continuous feedback has a positive effect on employee performance.

III. Performance Appraisal System and Employee Performance

An effective performance appraisal system improves performance through clear standards and evaluation criteria (Armstrong, 2021). Empirical studies confirm its positive impact (Putri & Widodo, 2022; Rahmawati, 2023). However, some studies report inconsistent results (Iqbal et al., 2023), indicating the importance of implementation quality.

Based on these arguments, the following hypothesis is proposed

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

IV. The Mediating Role of Continuous Feedback

From a performance management perspective, the relationship between performance appraisal system and employee performance is not always direct but may be mediated by specific mechanisms. Continuous feedback plays a strategic role as a mediating variable in this relationship.

An effective performance appraisal system generates continuous feedback, which in turn facilitates ongoing performance improvement. Without effective feedback, performance appraisal systems tend to become administrative tools with limited impact on employee performance (Sutrisno, 2022).

Furthermore, continuous feedback must be implemented strategically to maximize its effectiveness (Chhapola, 2024). A supportive work environment also strengthens this relationship,

as transparency, open communication, and work–life balance contribute to higher motivation and more effective feedback processes (Fajriyanti et al., 2023).

Thus, continuous feedback acts as a mechanism linking appraisal systems to performance outcomes. Without feedback, appraisal systems become less effective (Sutrisno, 2022).

Based on this reasoning, the following hypothesis is proposed

H4: Continuous feedback mediates the relationship between performance appraisal system and employee performance)

RESEARCH METHODS

This study uses a quantitative explanatory approach with a cross-sectional design. The research was conducted at BIAS Full Day School.

The sample consists of 30 respondents selected using purposive sampling with criteria:

(1) involved in the performance appraisal system,
(2) have experienced at least five feedback cycles
(3) have participated in trimester-based KPI evaluation
(4) have sufficient work experience

The sample size of 30 respondents meets the minimum requirement for PLS-SEM analysis, particularly for exploratory models with a limited number of indicators. This approach is consistent with the ten-times rule suggested by Hair et al. (2021). Data were collected using a Likert-scale questionnaire. All items were measured using a five-point Likert scale. Variables were measured using indicators adapted from established literature. Data analysis was conducted using PLS-SEM with SmartPLS. PLS-SEM was selected due to its suitability for exploratory research and small sample sizes. The analysis includes measurement model evaluation and structural model testing. To assess common method bias, Harman's single-factor test was conducted. The results indicate that no single factor dominates the variance, suggesting that common method bias is not a serious concern.

RESULTS AND DISCUSSION

The analysis is based on data obtained from 30 respondents who have experienced multiple feedback cycles within a trimester-based KPI system. This ensures that respondents have sufficient experience in performance evaluation processes, thereby increasing the reliability of their responses

1. Measurement Model Evaluation

All indicators have loadings above 0.700, AVE above 0.500, and reliability above 0.700, indicating valid and reliable constructs.

1.1. Convergent Validity

As shown in Table 1, all outer loadings exceed 0.700, confirming satisfactory convergent validity

Table 1. Outer Loadings

Variable	*Indicator*	*Loading*
Performance Appraisal System	PA1	0.812
	PA2	0.845
	PA3	0.831
	PA4	0.798
Continuous Feedback	CF1	0.854
	CF2	0.872
	CF3	0.826
	CF4	0.809
Employee Performance	EP1	0.835

	EP2	0.861
	EP3	0.844
	EP4	0.817

1.2. Average Variance Extracted (AVE)

Table 2. AVE Values

Variable	AVE
Performance Appraisal System	0.675
Continuous Feedback	0.701
Employee Performance	0.712

All AVE values exceed 0.50, indicating adequate construct validity.

1.3. Reliability

Table 3. Realibility Results

Variable	Cronbach's Alpha	Composite Reliability
Performance Appraisal System	0.842	0.892
Continuous Feedback	0.861	0.904
Employee Performance	0.876	0.913

1.4. Discriminant Validity (HTMT)

Table 4. HTMT Ratio

Variable	PA	CF	EP
Performance Appraisal System	-	0.721	0.688
Continuous Feedback	0.721	-	0.756
Employee Performance	0.688	0.756	-

All HTMT values are below 0.90, confirming discriminant validity.

2. Strucutuural Model Evaluation

2.1. Model Fit

The SRMR value is below 0.08, indicating acceptable model fit.

2.2. R-Square

The R-square values indicate the explanatory power of the model.

Table 5. R-Square Values

Variable	*R^2*	*Interpretation*
Continuous Feedback	0.414	Moderate
Employee Performance	0.563	Moderate to Strong

2.3. Predictive Relevance (Q^2)

The Q^2 value is 0.489, indicating strong predictive relevance.

2.4. Path Coefficients

The model demonstrates adequate explanatory power and predictive relevance across endogenous constructs.

Table 6. Hypothesis Testing

Hypothesis	*Path*	*Coefficient*	*t-value*	*p-value*	*Result*
H1	PA → CF	0.643	4.872	0.000	Supported
H2	CF → EP	0.521	3.965	0.000	Supported
H3	PA → EP	0.214	2.041	0.042	Supported
H4	PA → CF → EP	0.335	3.112	0.002	Supported

3. Structural Model Visualization

R^2 values indicate moderate explanatory power. Path analysis shows:

- Performance appraisal system → continuous feedback (significant)
- Continuous feedback → performance (significant)
- Performance appraisal system → performance (weaker but significant)
- Continuous feedback acts as a partial mediator.

The model demonstrates adequate explanatory power and predictive relevance. The structural model indicates that performance appraisal system significantly influences continuous feedback, which subsequently affects employee performance. The direct effect of performance appraisal system on performance is weaker compared to the indirect effect through continuous feedback.

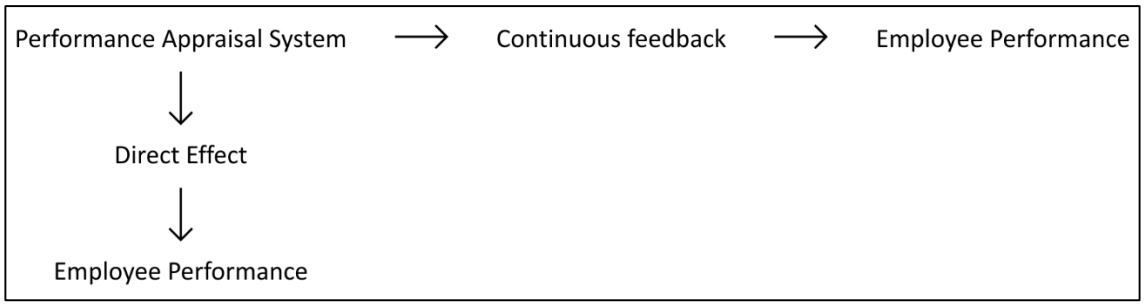


Figure 1. Model interpretation

The findings confirm that performance appraisal system significantly influences continuous feedback. This supports previous studies highlighting the importance of structured evaluation systems in facilitating feedback processes. The stronger effect of continuous feedback suggests that performance improvement is driven more by ongoing communication than by periodic evaluation. This finding suggests a paradigm shift from evaluation-based performance management to feedback-driven performance systems. This finding reinforces the central assumption of Feedback Intervention Theory that feedback directs attention toward task-relevant processes.

Continuous feedback shows the strongest effect on employee performance. This finding aligns with prior research indicating that feedback enhances motivation and task clarity (Anseel et al., 2015). It also confirms that feedback is a critical mechanism in performance improvement (Chhapola, 2024). In educational settings, feedback enables teachers to continuously refine instructional practices. Educational institutions can implement structured feedback cycles integrated with KPI systems to enhance teaching effectiveness. This finding contributes to the growing body of literature emphasizing feedback as a central component of modern performance appraisal systems.

The direct effect of performance appraisal system on performance is weaker, indicating that appraisal systems alone are insufficient without feedback. This supports the argument that performance management effectiveness depends on ongoing communication rather than periodic evaluation. This study extends performance management literature by empirically confirming that continuous feedback serves as a critical mechanism linking performance appraisal systems and employee performance in educational settings

CONCLUSION

Continuous feedback plays a central role in improving employee performance. Performance appraisal systems are more effective when integrated with continuous feedback mechanisms. The findings show that continuous feedback mediates the relationship between performance appraisal system and employee performance, emphasizing its critical role in enhancing the effectiveness of performance appraisal systems. Organizations are encouraged to implement structured feedback

systems to enhance employee performance. Future research should consider larger samples and additional variables.

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