The Roles of Workplace Culture In The Relationship Between Performance Appraisal Effectiveness and Employee Outcomes

Lyvia Mannuela Sandra and Setin[*]
Maranatha Christian University

Abstract. *This study aims to examine the effect of performance appraisal effectiveness on employee outcomes through the role of workplace culture. Survey method is used for data collection. Partial Least Square (PLS) is used as data analysis on 100 samples of retail companies in West Java, Indonesia. The results of the study show that the effectiveness of performance appraisal has a positive effect on workplace culture; workplace culture has a positive effect on employee outcomes (managerial performance and job engagement). The results also prove that workplace culture mediates the influence of the effectiveness of performance appraisal on employee outcomes. This study has practical implications that when an organization designs an effective performance appraisal system in improving performance, it needs to consider the importance of a positive workplace culture.*

Keywords: *Performance appraisal effectiveness, employee outcomes, workplace culture*

Abstrak. *Studi ini dimaksudkan untuk meneliti pengaruh efektivitas penilaian kinerja terhadap hasil kerja karyawan melalui peran budaya tempat kerja. Studi ini memilih survei sebagai metode pengumpulan data. Metode pengolahan data yang dipakai dalam studi ini yaitu Partial Least Square (PLS) pada 100 sampel perusahaan ritel di Jawa Barat, Indonesia. Hasil pengolahan data memberikan hasil bahwa efektivitas penilaian kinerja memiliki pengaruh positif terhadap budaya kerja; budaya tempat kerja memiliki pengaruh positif pada hasil karyawan (kinerja manajerial dan keterlibatan kerja). Hasil penelitian juga membuktikan bahwa budaya tempat kerja memediasi pengaruh efektivitas penilaian kinerja terhadap hasil kerja karyawan. Studi ini memiliki implikasi praktis bahwa ketika suatu organisasi merancang sistem penilaian kinerja yang baik dan efektif dalam meningkatkan kinerja perlu mempertimbangkan pentingnya budaya tempat kerja yang positif.*

Kata kunci: *Efektivitas penilaian kinerja, hasil kerja karyawan, budaya tempat kerja.*

Introduction

Performance appraisal is an important part of a management control system established to implement and adjust strategy, provide accountability, and monitor performance (Cravens et al. 2015). Previous studies show that there is no consistency in the results of research on the relationship between performance appraisal and employee performance (Awan et al. 2020; Cravens et al. 2015). It is indicated that something was missing in the analysis. Employee outcomes and performance are influenced by behavior (Atatsi et al. 2019), and the main driving factor of behavior that gives a competitive advantage to an organization is workplace culture (Deloitte Global Human Capital Trends, 2016).

Workplace culture refers to the way things are done in an organization, including leadership, values, beliefs, and the overall work environment (Babu et al. 2020). This study seeks to understand the importance of workplace culture on employee outcomes and performance, so that it can show that workplace culture is a part that needs to be included in the relationship between the effectiveness of performance appraisal and employee performance.

The effectiveness of the performance appraisal process that leads to employee performance results has not been shown consistently in previous studies in the field of accounting. This study illustrates that the performance appraisal process will run effectively with the help of workplace culture. This study suggests that workplace culture has an impact on employee outcomes. Quoting from the Society for Human Resource Management (2021), organizations must be able to take care of their employees by not only being results-oriented or getting work done, but the organizations must be able to provide stability and maintain a workplace culture in order to encourage business goals to maintain the competence of their employees.

The same tone is conveyed by Nzuva & Kimanzi (2022), who assert that workplace culture significantly influences employee interactions in carrying out company operations. Likewise, Braithwaite et al. (2017) explicate that a positive workplace culture is associated with higher levels of employee productivity and performance. Cravens et al. (2015) stated that it is necessary to include workplace culture because the performance appraisal process is unlikely to produce results that are consistent with company goals if employees perceive that workplace culture does not provide a sense of security, puts pressure on, or provides a negative atmosphere. If the process of assessing organizational performance includes an assessment of workplace culture, then it is very likely that the feedback obtained will produce the desired results because this is what employees need to improve employee performance. (Cravens et al. 2015). A work environment that demoralizes, puts each other down, and is not transparent will reduce the effectiveness of performance appraisals. According to Vaughan (2019) when the health of the workplace culture improves, it will increase the employees' productivity and well-being. Leaders who have power, trust in the organization, incentives, and a sense of security at work can encourage these factors.

Previous studies on performance appraisal have largely ignored the importance of workplace culture and rarely associated it to employee outcomes. Performance appraisal process needs to be well designed and effective therefore a work culture is needed. To make the appraisal process more effective, adjustments need to be made to a performance appraisal.

This study replicates and develops from Cravens et al. (2015). Some of the differences between this study and previous studies are: First, previous research examined the relationship between the effectiveness of performance appraisal and employee outcomes, namely employee retention, self-reported performance, and job satisfaction by incorporating workplace culture as a mediator.

This study examines other employee outcomes variables, namely managerial performance, and job involvement. By incorporating the variable of employee outcomes, this study contributes to both theory and practical benefits by demonstrating that performance appraisal effectiveness is linked to managerial performance and job involvement. Second, the previous study did not examine the direction of the relationship between variables (causality relationship between variables), while this study tests the direction of the relationship between the effectiveness of performance appraisal, managerial performance, and employee outcomes. This study provides originality by conducting a more comprehensive testing of the model, which not only examines the mediating role of workplace culture but also tests the relationships between each variable associated with workplace culture, namely the effectiveness of performance appraisal, managerial performance, and employee outcomes.

Third, the previous study only conducted a study on one company with a retail setting, while this study is conducted on a wider scale, namely retail companies in Bandung, so this study can support Cravens et al. (2015) that the retail environment is relevant in studying the relationship between the effectiveness of performance appraisal, work culture, and employee outcomes results with the aim of generalizing the results and at the same time providing broader practical benefits for retail companies. Fourth, the previous study tested at the staff level, while this study tests at the managerial level. Overall, this study makes a significant theoretical contribution by enriching the literature on management control systems, particularly the control through workplace culture and performance measurement system for the purpose of improving employee outcomes. This theoretical contribution can also be applied in the practical context of retail companies, especially at the managerial level. Researchers hope that the results of this study can complement the results of previous studies regarding the relationship between the effectiveness of performance appraisal and employee outcomes that are linked by workplace culture.

Provide employees with information about contributions in achieving organizational goals requires an effective performance appraisal process. Using performance measures can increase motivation and improve employee performance thereby impacting on an effective performance appraisal process (Cravens et al., 2015).

A positive workplace culture is defined as the right environment in carrying out the performance appraisal process in the organization (Cravens et al. 2015). Workplace culture can be a characteristic that distinguishes between each organization, namely in values, work style, and way of working (Harrsion, 1993). Workplace culture is a contextual factor that affects employee behavior in conducting their work.

Planning, staffing, coordination, monitoring, evaluation, investigation, negotiation, and representation are the performance of organizational members in managerial activities which are defined as managerial performance (Mahoney et al., 1963). Job involvement is defined as the extent to which a person understands his job and role in the organization (Kanungo, 1982).

Performance Appraisal Effectiveness and Workplace Culture
Performance appraisal effectiveness can provide information to employees regarding actions that can support strategic goals and objectives. Workplace culture is closely related to employee psychology. In the process of performance appraisal at retail companies, employees will focus on carrying out their respective responsibilities to achieve organizational goals. Cravens et al. (2015) states that a positive workplace culture is very important in achieving performance appraisal goals supported by a sense of responsibility of employees towards the organization.

A transparent and supportive workplace culture can increase creativity. Boudreau & Rice (2017) explained that performance evaluation systems that prioritize factors such as transparency, trust, and open communication can create a positive workplace culture. Westwood (2021) also emphasized that effective performance evaluations, with constructive criticism and feedback, can create a positive culture in the workplace.

H₁: Performance appraisal effectiveness has a positive effect on workplace culture

Workplace Culture and Managerial Performance
The workplace culture encourages its employees to develop effective skills and abilities and also guides them in relation to their strategic and organizational future plans. Workplace culture also builds creativity in employees and defines their attitudes towards everything related to their work. Thus, the culture increases the ability and performance of the organization. According to Shahzad (2014), a strong workplace culture is very helpful for improving employee performance which leads to the achievement of overall organizational goals and provides opportunities for employees to grow. Babu et al. 2020; Pachal & Nizam, 2016; Shahzad, 2014 have shown the effect of workplace culture in improving organizational performance.

H₂: Workplace culture has a positive effect on managerial performance.

Workplace Culture and Job Involvement
Job involvement is defined as the extent to which a person understands his job and role in the organization (Kanungo, 1982). Hence, a good workplace culture will support employees to identify themselves psychologically and their self-image within the organization. A good workplace culture can also motivate employees to build job involvement which is the key to employee growth and satisfaction to achieve organizational goals (Setyorini et al., 2012; Iftikhar and Rafique (2016)). Tastan & Turker (2014) argues that work involvement can be positively influenced by workplace culture, especially when the workplace culture is achievement-oriented so that it fosters employee work involvement and a sense of employee responsibility in the organization (Fletcher, 1998).

H₃: Workplace culture has a positive effect on job involvement.

Mediation Role of Workplace Culture with Performance Appraisal Effectiveness and Managerial Performance
Information that describes employee performance in supporting company goals can be obtained from the performance appraisal process. An employee who implements a management function in conducting his duties will produce a good performance appraisal if it is supported by a good workplace culture as well. Cravens et al. (2015) states that workplace culture must be positive in order to link the employee appraisal process to performance appraisal because the performance appraisal process is unlikely to produce results consistent with company goals if employees perceive that the workplace culture does not provide a sense of security, puts pressure on, or creates a negative atmosphere. Improved performance results employees in the performance appraisal process can provide input needed by employees by incorporating work culture as a mediator. Improving employee performance results in the performance appraisal process can provide input needed by employees by including workplace culture as a mediator.

Based on the description above, the following hypothesis is proposed:

H₄: Workplace Culture Mediates the Relationship Between Performance Appraisal Effectiveness and Managerial Performance.

Mediation Role of Workplace Culture with Performance Appraisal Effectiveness And Job Involvement
Job involvement is defined as the extent to which a person understands his job and role in the organization (Kanungo, 1982). Hence, a good workplace culture will support employees to identify themselves psychologically and their self-image within the organization.

Cravens et al. (2015) states that workplace culture must be positive in order to link the employee appraisal process to performance appraisal because the performance appraisal process is unlikely to produce results consistent with company goals if employees perceive that the workplace culture does not provide a sense of security, puts pressure on, or creates a negative atmosphere Improved performance results employees in the performance appraisal process can provide input needed by employees by incorporating work culture as a mediator. According to a study conducted by Babu et al. (2020) that workplace culture affects employee engagement. This is important for the Human Resources (HR) department, which is responsible for creating a work environment that promotes satisfaction, dedication, commitment and becomes a contributor to organizational success. According to Paschal & Nizam (2016), many employees get motivation from their colleagues in the organization which increase their sense of involvement in the organization. Based on the description above, the follwoing hypothesis is proposed:

H5: Workplace Culture Mediates the Relationship Between Performance Appraisal Effectiveness and Job Involvement.

Research Methodology

Sample Selection and Data Collection
This research is an empirical study that aims to test the hypothesis. The data collection method is through the direct or face-to-face distribution of questionnaires and through the link https://bit.ly/2ZVKca1

The respondents of this research are managers of retail companies and there is no functional area limitation because all managers of any division are involved in evaluating the performance of their respective employees.

A total of 100 out of 103 respondents' answers are collected and can be analyzed. There are a total of 56 men and 44 women. 30 respondents aged less than 30 years, 37 respondents aged

between 30-40 years, 26 respondents aged between 41-50 years, and 7 respondents aged between 51-60 years, with high school graduates (23), Diploma (27), Bachelor (45), and Masters (5). Of the 100 respondents, 35 are finance, 33 are marketing, 16 are retail operations, 11 are human resources, and 5 are information technology. A total of 27 respondents have worked less than 1 year, 39 respondents have worked 1-3 years, 26 respondents have worked for 3-5 years, 14 respondents have worked for 5-8 years, and 4 respondents have worked for 8-11 years. 88 respondents have employees under the responsibility of less than 100 people, 10 respondents have subordinates of 100-200 people and the rest have subordinates of 201-500 people. A total of 64 respondents work in companies with 100-200 employees, 30 respondents (201-500 people), 4 respondents (501-1000 people), 1 respondent (1001-2000 people), and 1 respondent (more than 3000 people). A total of 57 work in food and beverage companies, 15 (household products), 23 (clothing), and 5 work in other companies such as chemical industry.

Measurement of Variables
The Performance Appraisal Effectiveness (PAE) is measured using an instrument developed by Cravens et al (2015). Managers were asked to provide their perceptions of performance appraisal effectiveness in the organizations where they work. A total of 9 (nine) question items were used to measure PAE, namely employee appraisals provide various information about the company's operations, employee appraisals are fully documented in records to evaluate the performance, employee appraisal provides information on various areas of company operations, appraisal on the company's overall performance, employee appraisal shows how the company supports the achievement of company goals, hourly sales measurements accurately reflect your work, employee appraisal shows how company operations have impacted the other companies, and employee appraisal provides a variety of different types of information covering important areas of

a company's operations. Answers are measured using a seven-point scale, from strongly disagree to strongly agree.

Similarly, Workplace Culture (WC) is measured using an instrument developed by Cravens et al (2015). A total of 6 (six) question items are used to measure WC, namely I understand how the company determines the amount of my compensation, I have directed what my employees should do so that they can achieve the targets that I or the company set, I or the company facilitates what the employees need to achieve a given target, I allow employees to have creative freedom in achieving targets, I or the company supports what the employees need for targets, and I often allow employees to use their own style to achieve targets. Answers are measured using a seven-point scale, from strongly disagree to strongly agree.

Job Involvement (JI) is measured using an instrument developed by Kanungo (1982). A total of 10 (ten) question items are used to measure JI, i.e. my work is closely related to my daily life, my work does not take up much of my time, I am very deep into my work, my work is everything to me, I am very interested in my work, often I find it difficult to rest when I am doing my work, my work is not very important to me, my work is aligned with my life goals, my work is very important to me, and I am too focused on my work most of the time. Answers were measured using a seven-point scale, from strongly disagree to strongly agree.

Managerial Performance (MP) is measured using an instrument developed by Mahoney et al. (1963). A total of 8 (eight) question items are used to measure MP, namely my performance in directing the policies, goals and targets of the organization; my performance in selecting and recording information for records and reports; my performance in interacting with other departments and organizations to exchange information regarding work programs; my performance in measuring budgets, assessing or reporting performance, appraising employees, evaluating work results reports, assessing financial reports, checking

product quality; my performance in measuring budgets, assessing or reporting performance, appraising employees, evaluating work results reports, assessing financial reports, checking product quality; my performance in guiding and training subordinates, and explaining work rules, explaining the responsibilities of subordinates and controlling employees; my performance in procurement and sales, contacting suppliers, selecting the best price, and my performance in attending meetings, giving speeches for community events, approaching the community, and promoting the company's products. Answers were measured using a seven-point scale, from very bad to very good.

The sampling collection technique used is simple random sampling.
In this study, the data analysis technique used is the structural equation model (SEM) using a variant technique, namely Partial Least Square (PLS). There are several reasons for using PLS, namely (1) this method can test the effect of predicting the relationship between variables, (2) PLS does not require various assumptions, and can use small-scale samples, and can test research models with weak theoretical foundations, and (3) PLS provides more efficient and easier information (Firohmatillah & Arisena, 2020).

Results and Discussion
To test the level of suitability for each indicator used to measure latent variables, construct reliability and extract variance calculations can be performed. Table 1 provides the results of construct reliability calculations and extracted variances for each latent variable.
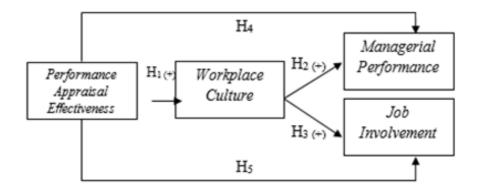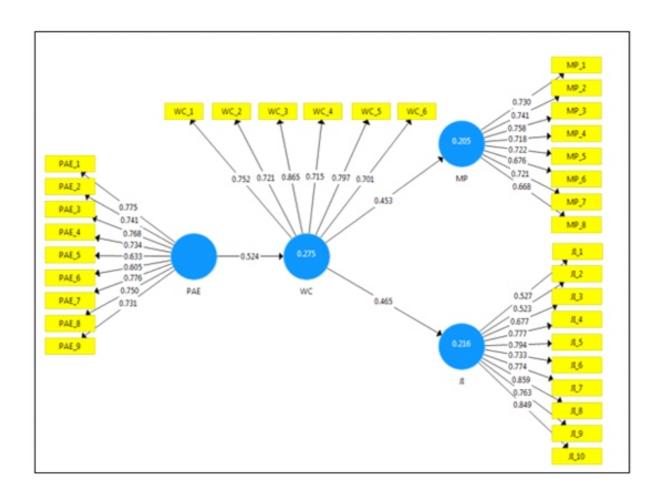
Figure 1.
Research Framework

Figure 2.
Standardized Coefficients Full Model

Table 1.
Construct Reliability (CR) dan Average Variance Extraed (AVE)

Indikator	Loading Faktor			
	PAE	**WC**	**MP**	**JI**
1	0,775	0,752	0,730	0,527
2	0,741	0,721	0,741	0,523
3	0,768	0,865	0,758	0,677
4	0,734	0,715	0,718	0,777
5	0,633	0,797	0,722	0,794
6	0,605	0,701	0,676	0,733
7	0,776	-	0,721	0,774
8	0,750	-	0,668	0,859
9	0,731	-	-	0,763
10	-	-	-	0,849
CR	**0,909**	**0,891**	**0,0,893**	**0,920**
AVE	**0,527**	**0,579**	**0,515**	**0,542**

Table 2.
Summary of Structural Model Test Results

Path	Coefficient	t-statisitcs	$p\text{-}value$	R^2
PAE --> WC	0,524	7,055	0,000	0,275
WC --> MP	0,453	6,420	0,000	0,205
WC --> JI	0,465	6,885	0,000	0,216
PAE --> WC --> MP	0,237	4,077	0,000	
PAE --> WC --> JI	0,244	4,167	0,000	

According to Hair et al., 2014, composite reliability (CR) is considered satisfactory if it has CR > 0.70 and average variance extract (AVE) value $\geq$ 0.50. This study showed the results, namely having a construct reliability value on each variable ranging from 0.735 to 0.891 and showing a value above the minimum threshold limit of 0.7. These results conclude that the respondents' answers are consistent in answering the statement items. Based on the results of the validity test with the average variance extract (AVE) for each construct, it has a value ranging from 0.506 to 0.578, and this value exceeds the minimum threshold of 0.5.This case it means that the construct defines more than half of the indicator variance. To find out whether the model obtained correctly describes the relationship between the variables studied so that it can be classified as a good model, a fit test is needed (Hair et. al, 2014).

Through the results of the R2 value, it can be seen that the effectiveness of performance appraisal has an influence of 27.5% on work culture. Then the workplace culture has an effect of 20.6% on managerial performance, and has an effect of 21.6% on work involvement.

Hypothesis Test
The Effect of Performance Appraisal Effectiveness on Workplace Culture

Based on the results of the coefficient test through the effectiveness of performance appraisal in work culture, it has a positive sign with a t-statistic value of 7.055 and has a probability value close to zero. Because it has a t-statistic value greater than 1.64 and a probability value <0.05, an error rate of 5%, HA is accepted.

Based on this, it can be concluded that the effectiveness of performance appraisal has a positive influence on the work culture of retail companies in Bandung. This study proves empirically that the more effective a performance appraisal, the stronger the workplace culture. The results of this study support. Lau and Sholihin's (2005) research on the effect of performance measurement systems on employee performance. Their findings found that there is an increase in satisfaction, in this case when employees are treated fairly in evaluations and gain the trust of superiors. This can occur if there is a performance measurement system. findings from this study support the need for additional constructs such as workplace culture. In the absence of workplace culture as a bridge, there is also no feedback from a performance appraisal process that employees need to improve their own results.

Workplace culture that has a positive environment is reflected if there is an effective performance appraisal according to the employee's perspective. Effective performance evaluation that provides constructive criticism, feedback, and the ability to identify the strengths and weaknesses of each employee creates a culture of communication and effective teamwork in the workplace (Westwood, 2021). This argument is also supported by Boudreau & Rice (2017), who explained that the use of poor performance evaluation systems can damage workplace culture and result in employees feeling unappreciated and disconnected from the company.

The Effect of Workplace Culture on Managerial Performance

The results of the path coefficient test of workplace culture on managerial performance are positive with a t-statistic value of 6.420 and a probability value close to zero. Because the t-statistic has a value greater than 1.64 and a probability value <0.05, the error rate is 5%, HA is accepted. With this, it can be concluded that work culture has a positive influence on managerial performance in retail companies in Bandung.

The results of research conducted empirically prove that the stronger the culture in an organization, the better and more effective managerial performance will be. This is supported by Leithy (2017) which states that many studies (e.g. Babu et al. 2020; Pachal & Nizam, 2016; Shahzad, 2014) in this study shows the impact of workplace culture has an effect on improving organizational performance, and has an impact on individuals in improving their quality of life in this case increasing employee morale, increasing job satisfaction, and commitment to work and organization, productivity and work, performance in general, as well as improving the health of employees both physically and psychologically.

The Effect of Workplace Culture on Job Involvement

The test results of the workplace culture path coefficient on job involvement are positive with a t-statistic value of 6.885 and a probability value close to zero. Because the value of the t-statistic has a value greater than 1.64 and a probability value <0.05, the error rate is 5%, HA is accepted. Thus it can be concluded that work culture has a positive influence on work involvement in retail companies in Bandung. The results of this study provide empirical evidence that the stronger the workplace culture, the higher the job involvement. This is supported by Tastan & Turker (2014) in this case states that workplace culture has a positive influence on work involvement, especially if the workplace culture is considered supportive and has an orientation towards achievement, then employees will show more commitment and work involvement in the workplace. Manetje and Martins (2009) also state that workplace culture is a contextual factor that can influence employees and work-related behavior. When the workplace culture is perceived as supportive and achievement oriented, employees will show more involvement in the workplace. This study always supports Setyorini et al. (2012), Iftikhar and Rafique (2016) that workplace culture can shape attitudes and behaviors, which in turn can influence employee job involvement. Therefore, a positive workplace culture can enhance employee job involvement.

The Effect of Performance Appraisal Effectiveness on Managerial Performance through Workplace Culture
Based on the results of the path coefficient test the effectiveness of performance appraisal on managerial performance through work culture has a positive value with a t-statistic value of 4.077 and also has a probability value close to zero Because it has a t-statistic value greater than 1.96 and the value has a probability value <0.05, then the 5% HA error rate is accepted. With this, it can be concluded that indirectly through work culture the effectiveness of performance appraisal has an influence on managerial performance in retail companies in Bandung. The results of this study provide empirical evidence that effective performance appraisal will make the work culture stronger, so that it has an impact on improving managerial performance. This research is supported by Cravens et al. (2015) which states that the bridge between performance appraisal and performance itself is a positive workplace culture, if employees do not see that the workplace culture is positive, open, or supportive, then the performance appraisal process is unlikely to produce the appropriate results according to company goals. if the company does not have organizational cultural values then the process of evaluating an employee's performance will not provide the feedback needed by employees in improving the work results of employees and the employees themselves.

The Effect of Performance Appraisal Effectiveness on Work Engagement through Workplace Culture
Coefficient test results through the effectiveness of performance appraisal on the job involvement through work culture has a positive value with a t-statistic value of 4.167 and has a probability value close to zero. Because the value of the t-statistic is greater than 1.96 and has a probability value of <0.05, an error rate of 5% HA is accepted. Thus, it can be concluded that indirectly through workplace culture, the performance appraisal effectiveness has an effect on job involvement in retail companies in Bandung. The results of this study provide empirical evidence that effective performance appraisal will result in

a stronger work culture, so that it has an impact on increasing work involvement. Cravens et al. (2015) stated that the bridge between performance appraisal and performance itself is a positive workplace culture or workplace culture because if the workplace culture is good then employees do not see that there is openness or support then the performance appraisal process is unlikely to produce results that are in accordance with company goals. Performance appraisal is an important process, feedback may not be given if the performance appraisal process is required by employees without an assessment of the workplace culture in terms of improving employee work results (job engagement).

Conclusion

The conclusions obtained in this study are first, the effectiveness of performance appraisal has a positive influence on work culture. Second, work culture has a positive influence on managerial performance. Third, workplace culture has a positive influence on work engagement Fourth, the effectiveness of performance appraisal and managerial performance is mediated by workplace culture. Finally, the effectiveness of performance appraisal and performance engagement is mediated by workplace culture.

From a theoretical point of view, this study found evidence that there is a relationship between the effectiveness of performance appraisal in achieving work mediated by the involvement of workplace culture and managerial performance (Cravens et al. 2015). Based on previous research, most of the performance appraisal has not included workplace culture, it is very unlikely to bridge it with employee performance. Workplace culture is an important part in determining a performance appraisal process that appears to be well designed but is ineffective (Cravens et al. 2015). Adjustments need to be made to conduct certain performance appraisals to make the appraisal process more effective.

Workplace culture can explain why a performance appraisal can result in an ineffective job appraisal (Cravens et al. 2015). Based on considerations of workplace culture can provide input on what needs to be added so that the performance appraisal process is more successful and also runs effectively (Cravens et al. 2015). Workplace culture has a supportive relationship, the type of measurement used in assessing employee performance can be adjusted to the conditions of each workplace. A positive workplace culture where employees are valued and considered that they have an important role for an organization is a key characteristic in achieving performance appraisal goals. The new findings in this study can produce evidence and provide insight into findings that are less consistent in previous research. Managerial performance and work engagement are expected to have an influence from the existence of contributions through the employee performance appraisal system. Workplace culture has an important role in providing the effectiveness of performance appraisal in creating the potential for further research on how relevant the culture of an organization's place is for both the finance and accounting departments.

This study provides a significant theoretical contribution by enriching the literature on management control systems, particularly the control through workplace culture and performance measurement system for the purpose of improving employee outcomes. This theoretical contribution can also be applied in the practical context of retail companies, especially at the managerial level. This study contributes to the practice that performance appraisal effectiveness has an impact on perceptions of workplace culture and employee outcomes or in other words employee outcomes can be achieved through performance appraisal effectiveness and a positive workplace culture. Practitioners may consider building a better work culture in order to improve the employee outcomes. Organizations that use positive aspects of the work environment are likely to show an increase in both job involvement and managerial performance.

Eventually, a relationship between an individual and an organization strategically needs to be studied and studied again from complex interactions. Organizations can clearly explaining the process of performance appraisal can facilitate effective managerial behavior in this regard when they have a business to develop within an organization.

The suggestions in this study are first, this study is limited to only a few variables, such as workplace culture, performance appraisal effectiveness, managerial performance, and job involvement. Future research it is hoped to add several other variables, such as budget participation. Second, a relatively simple survey method was used in this study where there are still limitations that may be inherent in this study, for example there are limitations in obtaining a representative and unbiased sample. Hope that further research can add other research methods such as direct interviews with respondents in order to obtain more objective and diverse interview results. Third, this study can be used as a recommendation for organizational leaders in planning a performance measurement system in the company and building a healthy work culture in order to improve performance and job involvement. Finally, this study takes a relatively small sample of data and is only taken in the retail sector. This is likely to reduce the power of statistical tests. Therefore, future research is recommended to expand the sample data so that the data obtained is more complete and more diverse.

Recognizing the importance of the role of culture, business leaders should provide proper attention and investment in culture. It is important for employers to take the time to create a workplace culture that is suitable for all employees. Measuring workplace culture is not easy; therefore, future researchers can support this by measuring culture, examining the acceptance of current culture, examining the influence of culture on business strategies, and investigating the culture that employees bring and its influence on employee and organizational performance.

References

Atatsi, E.A., Stoffers, J. & Kil, A. (2019). Factors affecting employee performance: A systematic literature review. *Journal of Advances in Management Research,* 16(3), 329-351.

Awan, S.H., Habib, N. & Akhtar, C.S. (2020). Effectiveness of performance management system for employee performance through engagement. *Sage Journals.* 10(4), 1-10.

Babu, A.L., Mohan, A.C., & Manivannan, S. K. (2020). Impact of work culture on employee engagement. *Test-Engineering & Management,* 83, 9758-9764.

Boudreau, J & Rice, S. (2017) *The relationship between performance management and workplace culture*. Harvard Business Review https://hbr.org/2017/03/the-relationship-between-performance-management-and-organizational-culture

Braithwaite J., Herkes J., Ludlow K., Testa L., & Lamprell G. (2017). Association between organisational and workplace cultures, and patient outcomes: systematic review. *BMJ Open,* 7(11), 1-12.

Cravens, K.S., Oliver, E.G., Oishi, S., & Stewart, J.S. (2015). Workplace culture mediates performance appraisal effectiveness and employee outcomes: A study in a retail setting. *Journal of Management Accounting Research,* 27(2), 1-34.

Deloitte Global Human Capital Trends. (2016). *The new organization: Different by design.* Retrieved from https://www2.deloitte.com/global/en/pages/human-capital/articles/introduction-human-capital-trends.html

Fletcher, D.E. (1998). *Effects of organizational commitment, Job involvement, and workplace culture on the employee voluntary turnover process*. [Unpublished Doctoral Dissertation] Texas Tech University, Department of Psychology, U.S.A.

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modelling (PLS-SEM)*. Thousand Oaks, CA: Sage.

Iftikhar, M & Rafique. R (2016). The relationship between workplace culture and job involvement: An empirical study. *Journal of Business and Management Sciences,* 4(4).

Kanungo, R. N. (1982). Measurement of job and work involvement. *Journal of Applied Psychology,* 67(3), 341-349.

Lau, C. M., & M. Sholihin. (2005). Financial and non-financial performance measures: How do they affect job satisfaction? *British Accounting Review,* 37(4), 389–413.

Leithy, W.E. (2017). Workplace culture and organizational performance. *International Journal of Economics & Management Sciences,* 6(4), 1-6.

Mahoney, T.A., Jerdee, T.H., & Caroll, S.J. (1963). *Development of managerial performance: A research approach*. Cincinnati: South Western Publ. Co.

Manetje, O., & Martins, N. (2009). Relationship between organisational culture and organisational commitment. *S. African Bus. Rev,* 13(1), 87-111.

Nzuva, S. M., & Kimanzi, P. M (2022). The impact of organisational culture on employees' productivity: A comprehensive systematic review. *European Journal of Business and Management,* 14(4), 1-15.

Paschal, A. O., & Nizam, I. (2016). Effects of organisational culture on employees performance: Case of Singapore Telecommunication. International *Journal of Accounting & Business Management,* 4(1).

Shahzad, F. (2014). Impact of workplace culture on employees job performances. *International Journal of Commerce and Management,* 24(3), 219-227.

Tastan, S. B., & Turker, M. V. (2014). A study of the relationship between workplace culture. *Procedia - Social and Behavioral Sciences, 1*49(5), 943-947.

The Culture Effect: Why a Positive Workplace Culture is The New Currency. (2021). Management. *Retrieved from https://www.kumc.edu/documents/ruralhealth/resources/Why%20a%20Positive%20Workplace%20Culture%20is%20the%20New%20Currency.pdf*

Vaughan, I. (2019). *The effect of healthy workplace culture. Integrated Studies, 223.* https://digitalcommons.murraystate.edu/bis437/223

Westwood, R (2021). *Performance Management and Workplace Culture: The Keys to Success Forbes.* Retrieved from https://www.forbes.com/sites/forbestechcouncil/2021/03/26/performance-management-and-workplace-culture-the-keys-to-success/?sh=5f5f5ab42499