International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

How Does Performance Management System Contribute To Employee Performance?

Yessy Rahma Utami
Master Of Accounting Science Program, Sriwijaya University, Indonesia
Pyara Tri Amanda
Master Of Accounting Science Program, Sriwijaya University, Indonesia
Rela Sari
Department Of Accounting, Sriwijaya University, Indonesia

Corresponding Author: yessyrahmautami.26@gmail.com

Abstract

Performance management systems (PMS) are expected to improve employee performance; however, empirical evidence from 2020–2026 is dispersed across the fields of human resource management, management accounting, and public administration, leaving the underlying mechanisms and boundary conditions insufficiently mapped. This study aims to map research characteristics, the theories employed, the mechanisms linking PMS to employee performance, boundary conditions, and directions for future research. A systematic literature review was conducted following the PRISMA 2020 guidelines. A total of 150 articles were mapped, and 30 core articles from reputable journals published by Emerald, Taylor & Francis, SAGE, Springer, Wiley, and Elsevier were thematically synthesized. The findings indicate that PMS influences employee performance primarily through indirect mechanisms involving work engagement, motivation, psychological empowerment, job satisfaction, organizational commitment, and trust. This relationship may be non-linear and depends on leadership, organizational culture, sectoral context, and the manner in which technology is implemented.

Keywords: Performance Management System, Performance Appraisal, Performance Feedback, Employee Performance.

INTRODUCTION

Changes in the work environment and increasing demands for achieving organizational

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

goals make employee performance management even more important. A performance management system not only functions as an assessment mechanism, but also includes goal setting, monitoring, evaluation, feedback, rewards, and employee development. By integrating these practices, a performance management system can connect organizational goals to employee behavior and work outcomes (Awan et al., 2020; Lewandowski & Cirella, 2023).

The study of performance management systems is increasingly relevant because employee performance is not limited to completing formal tasks. The literature also discusses contextual performance, work engagement, and innovative work behaviors (Awan et al., 2020; Bauwens et al., 2024). On the other hand, digital transformation and the use of data analytics are pushing organizations to adjust performance measurement and management systems (Cosa & Torelli, 2024; Phan & Baird, 2026). These developments make the relationship between performance management systems and employee performance need to be examined more thoroughly.

Research on performance management systems discusses system effectiveness, performance appraisal, feedback, employee engagement, fairness, leadership, goal setting, and digitalization. These studies use a variety of methods and organizational contexts, so the findings are still widespread. A systematic synthesis is needed to map the development of the topic, the practice of the performance management system being studied, the mechanisms that explain the relationship between the performance management system and employee performance, and the research gaps that are still open. Therefore, this study compiles a descriptive mapping of the article candidate matrix for the 2020–2026 period to summarize how the literature describes the contribution of performance management systems to employee performance and identify the next direction of research. Therefore, this study answers the following questions:

- RQ1 : How is the publication of PMS research and employee performance for the 2020–2026 period?
- RQ2 : What theory is used to explain the relationship between PMS and employee performance?
- RQ3 : Through what mechanisms does PMS affect employee performance?
- RQ4 : What boundary conditions strengthen or weaken the relationship?
- RQ5 : Research Performance Management System What still needs to be developed?

LITERATURE REVIEW

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Performance Management System

PMS includes the performance planning cycle, namely the setting of goals and indicators, monitoring, assessment, feedback, development, and attribution to rewards (Aguinis, 2019). Ferreira and Otley (2009) add that what needs to be measured and how performance information is used. Simons (1995) distinguishes the use of diagnostic and interactive from control systems, while Adler and Borys (1996) distinguish between enabling and coercive systems. In this review, PMS is broadly understood, including performance appraisals, performance feedback, individual-level performance measurement systems, and performance information systems.

Employee Performance

Employee performance refers to individual behaviors and work outcomes that are relevant to the organization's goals. The measurement can include the execution of key tasks as well as contextual behaviors that support organizational effectiveness (Awan et al., 2020). Employee performance includes task performance (in-role), contextual or extra-role performance, adaptive and innovative performance, and counterproductive work behaviors. The use of this broad concept allows a synthesis of the various outputs examined in the core article, ranging from productivity to innovative behavior. In this study, employee performance is understood as the level of achievement and individual work behavior over a given period.

Social Exchange Theory

Social exchange theory or social exchange theory Blau (1964) explains that PMS that is perceived as fair and supportive will be reciprocated by employees with higher involvement and performance. Organizational justice theory (Colquitt, 2001) highlights distributive, procedural, interpersonal, and informational justice in assessment.

Goal-Setting Theory

The goal-setting theory proposed by Locke & Latham (2002) explains that specific goals, accompanied by commitment, ability, and adequate feedback can direct individual efforts and support performance achievement. In a performance management system, this theory explains the importance of clear goals, measurable performance standards, and feedback as the basis for performance improvement.

METHOD

Research Design

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

This study uses a systematic literature review (SLR) with planning, implementation, and reporting procedures as well as reporting following the PRISMA 2020 guidelines (Tranfield et al., 2003). The synthesis was carried out thematically (Braun & Clarke, 2006).

Data Sources and Searches

The search was conducted on various sources, such as Google Schoolar, Elsevier, Universityof Science, SINTA, Emerald, Taylor & Francis, SAGE, Springer, and Wiley. The keywords used were "performance management" and "employee performance"; "performance appraisal" and employee; "performance management" and employees; "performance feedback" and employee; "performance measurement system" and employee; "performance management" and "employee performance". The filters applied were journal articles published from 2020–2026.

Inclusion and Exclusion Criteria

Table 3.3 Inclusion and Exclusion Criteria

Aspects	Inclusions	Exclusion
Topics	PMS, performance appraisal, performance feedback, individual performance measurement, performance information system	Topics outside of PMS
Exterior	Employee performance or performance-related individual level work behavior/attitudes	Organization-level outputs only; non-performance outputs (retention, satisfaction only)
Document type	Journal articles with complete DOIs and metadata	Proceedings, preprints, editorials, retractions/expressions of concern
Period & language	2020–2026; English and Indonesian journals	Outside the 2020-2026 period and journals other than English and Indonesian

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Aspects	Inclusions	Exclusion
Core journals	Reputable journals from several publishers, such as Emerald, Taylor & Francis, SAGE, Springer, Wiley, and Elsevier	Other journals (still mapped as supporting articles)

Selection Process

A total of 540 articles were identified, after duplicates and irrelevant titles were removed (n = 359), bringing the number of articles to 181 and 18 articles were excluded because the authors or publishers could not be verified. Of the 163 articles reviewed, 13 were excluded because the output was not performance, resulting in 150 articles being obtained as a mapping base. Of these, 57 articles were taken for feasibility testing, then 27 articles were excluded (organization-level outputs = 6; non-performance or focus outputs not PMS = 14; conceptual/instrument development = 5; abstracts not available = 1; uncertain Scopus status = 1). Finally, 30 core articles were synthesized.

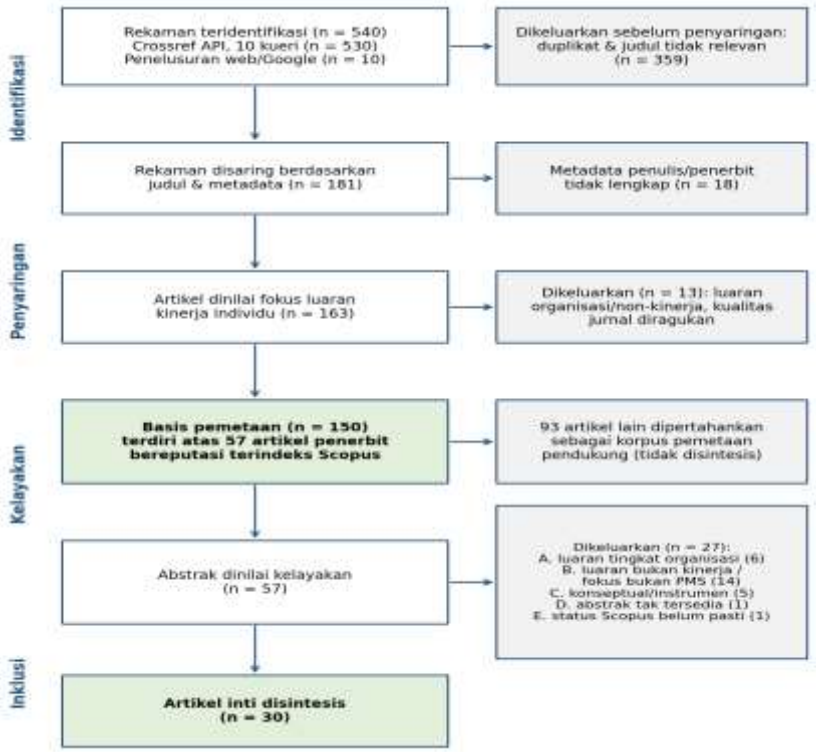


Figure 1. PRISMA 2020 Flowchart Article Selection

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

DISCUSSION

Research Question 1 : Characteristics of PMS Publications and Employee Performance

From the 30 articles that have been selected, the characteristics of each article can be grouped into several classifications, namely based on year, journal publisher, research country, method, and theory used in the research. The classification of articles can be seen in table 4.1.

Table 4.1 Article Characteristics

Characteristics	Number of Articles
Year of publication	2020 (5); 2021 (7); 2022 (2); 2023 (7); 2024 (5); 2025 (3); 2026 (1)
Publisher	Emerald (15); Taylor & Francis (5); SAGE (3); Springer (3); Wiley (2); Elsevier (2)
Most journals	Journal of Productivity and Performance Management (4); Cogent Business & Management (3); SAGE Open, Personnel Review, Public Management Review, J. of Organizational Effectiveness: People and Performance (2 each); 15 other journals (1 each)
Region	Asia (14: China 4, India 3, Pakistan 3, Indonesia, South Korea, Malaysia, Vietnam); Europe (5); Africa (4); Middle East (2); North America (2); Oceania (2); not mentioned (1)
Sectors	Public/government (4); education (4); banking (3); manufacturing & technology (3); health (1); hospitality (1); SMEs (1); cross-sector (13)
Method	Quantitative survey (23l); experimental (4); qualitative (2); mixed method (1)
Findings examined	Direct performance (11); performance antecedent work attitudes (11); innovative/deviant behaviors (4); extra-role behaviors (2); PMS processes (2)
Direction of findings	positive (24); negative, non-linear, or contextual (6)

Based on the 30 articles synthesized, publications were spread throughout the study

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

period with the highest number in 2021 and 2023 with seven articles each, followed by 2020 and 2024 with five articles, in 2025 with three articles, in 2022 with two articles, and in 2026 with one article. All articles were published in reputable publisher journals, with Emerald as the dominant publisher with 15 articles, followed by Taylor & Francis with 5 articles, SAGE and Springer with 3 articles, Wiley and Elsevier with 2 articles. The journals with the most articles are the International Journal of Productivity and Performance Management with 4 articles and Cogent Business & Management with 3 articles, and SAGE Open, Personnel Review, Public Management Review, and Journal of Organizational Effectiveness: People and Performance with 2 articles each.

Geographically, almost half of the studies came from Asia, namely 14 articles, mainly China (Guo et al., 2023; Wei et al., 2023; Pei et al., 2024; Yang et al., 2024), India (Kakkar et al., 2020; Rana & Singh, 2021; Taneja et al., 2023), and Pakistan (Awan et al., 2020; Memon & Ghani, 2021; Ghani et al., 2024). The other studies came from Europe 5 articles, Africa 4 articles, the Middle East, North America, and Oceania 2 articles, while one article researched various countries. Of the 14 articles from Asia, there was one article that examined Indonesia, namely research from (Yuliansyah et al., 2021).

In terms of sectors, studies have been conducted in the public and government sectors (Berdicchia et al., 2021; Wang & Kim, 2022; Lee & Robertson, 2023; Hill & Plimmer, 2024), education (Kivipõld et al., 2020; Ambilichu et al., 2024; Akanmu et al., 2025; Muhammad et al., 2025), banking (Awan et al., 2020; Rana & Singh, 2021; Taneja et al., 2023), manufacturing and technology (Canet-Giner et al., 2020; Guo et al., 2023; Yang et al., 2024), health (Brefo-Manuh & Anlesinya, 2021), hospitality (Ghazi et al., 2023), and SMEs (Siraj & Hágen, 2023); the other thirteen articles used cross-sector samples or did not mention their sectors in the abstract.

In terms of methods, 23 articles used quantitative surveys with the dominant analysis technique in the form of SEM, both covariance-based and PLS-based. Only five studies used panel design (Berdicchia et al., 2021; Lee & Robertson, 2023; Ghani et al., 2024; Yang et al., 2024; Duy & Nguyen Hoang, 2026), four studies using experiments (Tong et al., 2021; Wang & Kim, 2022; Bauwens et al., 2023; Pei et al., 2024), two qualitative studies (Natukunda, 2021; Hill & Plimmer, 2024), and one mixed-methods study (Siraj & Hágen, 2023).

The outputs studied were diverse. Eleven articles measured performance directly, i.e. task and contextual performance, productivity, work effort, or team and unit performance (Awan et al., 2020; Baird et al., 2020; Tong et al., 2021; Yuliansyah et al., 2021; Guo et al., 2023; Lee & Robertson, 2023; Siraj & Hágen, 2023; Wei et al., 2023; Pei et al., 2024; Muhammad et al., 2025; Duy & Nguyen Hoang, 2026). Four articles examined innovative or deviant behaviors (Canet-Giner

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

et al., 2020; Bauwens et al., 2023; Ghazi et al., 2023; Yang et al., 2024), two articles examined extra-role behaviors (Memon & Ghani, 2021; Ghani et al., 2024), and eleven articles examined work attitudes that anteceded performance, such as engagement, commitment, satisfaction, motivation, and perceptions of fairness (Kakkar et al., 2020; Kivipõld et al., 2020; Berdicchia et al., 2021; Brefo-Manuh & Anlesinya, 2021; Rana & Singh, 2021; Jang et al., 2022; Wang & Kim, 2022; Taneja et al., 2023; Ambilichu et al., 2024; Akanmu et al., 2025; Hosciuc Rendi et al., 2025).

Two qualitative studies examined the processes and practices of PMS (Natukunda, 2021; Hill & Plimmer, 2024). Judging from the direction of the findings, 24 articles reported a positive association between PMS attributes and employee output, while six articles found negative, non-linear, or highly context-dependent effects (Natukunda, 2021; Tong et al., 2021; Wang & Kim, 2022; Hill & Plimmer, 2024; Yang et al., 2024; Duy & Nguyen Hoang, 2026).

Research Query 2 : Theories Used in Explaining the relationship between PMS and employee performance

Of the 30 articles, only eleven mention the theory explicitly in the abstract while the other nineteen articles do not explicitly mention the theory. The theory is described in table 4.2.

Table 4.2 Theories Explaining the Relationship between PMS and Employee Performance

Theory	Article	PMS–Performance Relationship Explained
Organizational Justice Theory	Brefo-Manuh & Anlesinya, 2021; Ambilichu et al., 2024	Employees assess the fairness of procedures, outcomes, and treatment in assessments; fair assessments foster satisfaction and commitment which then drives performance.
Social Exchange Theory (SET)	Ambilichu et al., 2024; Ghani et al., 2024	PMS is perceived as an organizational investment in employees and is reciprocated with commitment, empowerment, OCB, and voice (reciprocity norms).
Signaling Theory and HRM System Strength	Bauwens et al., 2023	PMS becomes a signal of expected behavior; signals are effective when the system is distinctive, consistent, and consensual, thus encouraging innovative behaviors, especially with transformational leadership.
Goal-Setting Theory	Wei et al., 2023	Feedback shows the difference in actual

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Theory	Article	PMS–Performance Relationship Explained
and Control Theory		performance with goals so that employees adjust their efforts or goals; the direction of feedback changes over time is more decisive than a single feedback.
Regulatory Focus Theory	Pei et al., 2024	Reactions to negative feedback differ according to promotion or prevention orientation; AI-based feedback reduces the threat of losing face, thereby improving motivation to learn and performance.
Leadership Identity Theory	Guo et al., 2023	Development feedback from superiors strengthens employee identities and roles, encouraging job crafting that improves performance.
Interactive Theory Of Performance	Yang et al., 2024	Performance is born from the interaction of system and individual factors; the assessment interval has an optimal point (inverted U-) to exploratory innovation.
Situational Strength Theory	Duy & Nguyen Hoang, 2026	Strict PMS creates a "strong" situation that initially aligns behavior, but over time reduces the role of personal values and attitudes so that the effect is non-monotonic.
Public Service Motivation (PSM)	Hill & Plimmer, 2024	In the public sector, accountability and development goals in PMS are competing with each other and red tape; PSM helps managers overcome these barriers.
Practice Theory	Yuliansyah et al., 2021	PMS is understood as a social practice; the interactive use of measurement systems for dialogue and learning improves team performance.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

In nineteen articles without explicit theories, the tested model can be analyzed through five perspectives. First, the perspective of social exchange theory and work engagement (Awan et al., 2020; Kakkar et al., 2020; Akanmu et al., 2025; Hosciuc Rendi et al., 2025): Effective PMS increases work engagement which then drives performance. Second, the perspective of organizational justice and legitimacy (Kivipõld et al., 2020; Rana & Singh, 2021; Ghazi et al., 2023; Lee & Robertson, 2023; Taneja et al., 2023; Muhammad et al., 2025): fair and valid assessments followed by commitment, effort, and innovation, and suppressing sabotage. Third, motivation and empowerment perspectives, namely self-determination theory (Deci & Ryan, 2000) for Berdicchia et al. (2021) and psychological empowerment theory (Spreitzer, 1995) for Memon & Ghani (2021) and Baird et al. (2020). Fourth, the lens of the system and the goal, namely HRM system strength (Bowen & Ostroff, 2004) for Canet-Giner et al. (2020), goal-setting theory for Siraj & Hágen (2023), and participation and authentic leadership theory for Jang et al. (2022). Fifth, contextual perspectives, namely institutional theory (DiMaggio & Powell, 1983) for Wang & Kim (2022) and Natukunda (2021), and algorithm aversion (Dietvorst et al., 2015) for Tong et al. (2021).

Overall, the theories include four conceptual approaches, namely:

- Relational logic, namely social exchange theory and organizational justice theory , means that PMS improves performance because employees feel treated fairly and retaliate.
- Motivational-cognitive logic, namely goal-setting theory, control theory, self-determination theory, and regulatory focus theory, means that PMS provides goals and feedback that directs efforts, with effects that depend on the type of motivation triggered.
- System logic or signals, namely signaling theory, HRM system strength, and situational strength theory, mean that PMS is effective when the message is clear and consistent, but a system that is too strong can weaken its effect.
- Contextual logic, namely public service motivation, institutional theory, and practice theory, means that the effect of PMS depends on the sector, culture, and how the system is used.

Research Quetion 3 : Mechanisms Linking PMS and Employee Performance

A synthesis of the 30 core articles shows that PMS rarely has a direct effect on performance. Its influence is through the following six pathway mechanisms. Each pathway describes the attributes of a specific PMS, its intermediate mechanisms, and the performance outputs it affects.

Track 1: Work engagement

The effectiveness of PMS, especially accuracy and fairness, increases work engagement,

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

which in turn drives performance. Awan et al. (2020) found that work engagement mediates the influence of PMS effectiveness on the task and contextual performance of bank employees in Pakistan. Kakkar et al. (2020) show that the perception of PMS effectiveness increases work engagement, which further decreases exit intent and increases satisfaction. A similar pattern was found by Hosciuc Rendi et al. (2025), who placed employee engagement as a mediator of the influence of PMS on work attitudes and research from Akanmu et al. (2025) found that performance appraisal practices, especially the reward component, are positively related to employee engagement.

Pathway 2: Justice that fosters satisfaction and commitment

The perception of fairness and legitimacy of assessment work through satisfaction and commitment. Taneja et al. (2023) show that the perception of fairness of the assessment system is shaped by procedural, distributive, and interpersonal dimensions and has an impact on work attitudes. Brefo-Manuh & Anlesinya (2021) found that job satisfaction mediates the relationship between assessment fairness and health worker commitment, while research from Rana & Singh (2021) found that assessment fairness predicts affective commitment. Ambilichu et al. (2024) show that the assessment process increases commitment through the serial mediation of assessment results and rewards. The relationship between fairness and performance is also seen in Muhammad et al. (2025) who found that the fairness of assessment mediates part of the influence of assessment satisfaction on teacher performance. In addition, satisfaction with assessment mediates the legitimacy of assessment with innovative behavior and sabotage (Ghazi et al., 2023).

Track 3: Motivation and job crafting

PMS also affects performance by changing motivation and the way employees shape their work. Berdicchia et al. (2021) obtained results from their research that PMS perception of accuracy enhances approach crafting through intrinsic motivation and avoidance crafting through extrinsic motivation. In line with that, Guo et al. (2023) show that developmental feedback from supervisors improves performance through job crafting. Duy & Nguyen Hoang (2026) add that personal values activate work attitudes which then transmit motivation to performance behaviors over time.

Pathway 4: Psychological empowerment and trust

The fourth pathway works through a sense of empowerment and trust. Memon & Ghani (2021) found that psychological empowerment mediates the relationship between the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

performance appraisal system and voice behavior. Ghani et al. (2024) show that organizational commitment and psychological empowerment mediate the influence of performance appraisals on voice, OCB, and exit intentions. From a management accounting perspective, Baird et al. (2020) found that among the four dimensions of the appraisal system's quality, only trust mediated the influence of empowerment on the financial and non-financial performance of business units.

Track 5: Feedback, goal setting, and learning

The fifth path is cognitive: PMS provides information that helps employees adjust effort and learning. Wei et al. (2023) show that changes in negative feedback over time affect performance through goal-setting mechanisms. Pei et al. (2024) found that AI-based negative feedback increases learning motivation because it reduces the fear of losing face. Tong et al. (2021) show that AI feedback increases productivity because the quality of the feedback is better. At the team level, the use of performance measurement systems interactively improves performance through organizational learning (Yuliansyah et al., 2021), while Siraj & Hágen (2023) found that the evaluation component is the most powerful element of PMS in relation to productivity.

Path 6: System signals and clarity

The last line emphasizes PMS as a signal. Bauwens et al. (2023) prove experimentally that "strong" PMS, i.e. distinctive, consistent, and consensual, encourages innovative work behaviors. Canet-Giner et al. (2020) also found that the perception of performance appraisal practices has a direct effect on an individual's innovative behavior. These two findings suggest that the clarity of PMS's messages about rewarded behaviors also determines performance.

Research Question 4 : Boundary Conditions of PMS Relations and Employee Performance

Conditions that can reinforce, weaken, or even reverse the relationship of PMS with performance can be grouped into six conditions.

Condition 1: Leadership

Leadership is the most consistent moderator. Bauwens et al. (2023) found that transformational leadership reinforces the strong influence of PMS on innovative behaviors. Memon & Ghani (2021) show that empowering leadership and perceptions of fairness moderate the relationship of assessment systems to voice behavior. Jang et al. (2022) found that employee participation in performance measurement systems mediates in part the influence of authentic leadership on job satisfaction. The role of supervisors is also seen in Guo et al. (2023) and Yang et al. (2024), who show that developmental feedback from supervisors is a source of influence or reinforcement of the effect of PMS.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Condition 2: Individual characteristics

The effects of PMS differ according to individual characteristics. Rana & Singh (2021) found that the influence of assessment fairness on affective commitment was stronger in older employees and women. Pei et al. (2024) showed that the mechanism of AI feedback differs between individuals with promotion focusand prevention focus. Tong et al. (2021) found that the negative effects of AI feedback disclosure weakened on employees with longer tenures, while Yang et al. (2024) found that future work self-salience amplifies the positive effects of assessment intervals on innovation.

Condition 3: Time, frequency, and non-linearity

The PMS–performance relationship is not always linear. Yang et al. (2024) found an inverse relationship between assessment intervals and exploratory innovation behavior; overfrequent and overfrequent assessments are both less effective. Duy & Nguyen Hoang (2026) show that situational strength PMS strengthens initial alignment but weakens subsequent transmission of attitudes. Wei et al. (2023) assert that the direction of feedback change over time is more decisive than feedback at a single point in time, while Lee & Robertson (2023) show that the relationship between assessment improvement and employee work effort strengthened during 2010–2019.

Condition 4: How the technology is applied

Technology can amplify both the effects of PMS while also weakening. Tong et al. (2021) found a double effect of AI feedback: its application increases productivity, but disclosure that feedback comes from AI decreases productivity due to negative perceptions. In contrast, Pei et al. (2024) show that in negative feedback situations, AI sources actually reduce social threats. Thus, the effects of digital PMS depend on transparency and the way technology is communicated.

Condition 5: Culture and institutional context

Local culture and norms determine whether PMS is accepted. Natukunda (2021) found that Western-style performance control applied in Uganda without regard to communal norms does not result in expected behaviors. Kivipõld et al. (2020) show that the influence of assessment system design on perceptions of fairness depends on the cultural context of the organization.

Condition 6: Public sector and design reform

In the public sector, the effects of PMS can turn negative. Wang & Kim (2022) found that performance management reforms in the United States public sector negatively impact employee attitudes and organizational climate, with effects that differ according to the level of organizational performance. Hill & Plimmer (2024) show that accountability and development goals are competing and red tape heavy, while public service motivation helps managers

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

overcome these barriers.

Not all conditions tested were shown to play a role. Hosciuc Rendi et al. (2025) did not find the role of organizational climate moderation, and Canet-Giner et al. (2020) did not find the role of moderation of HR system consistency. These findings suggest that relevant boundary conditions need to be tested specifically, not assumed.

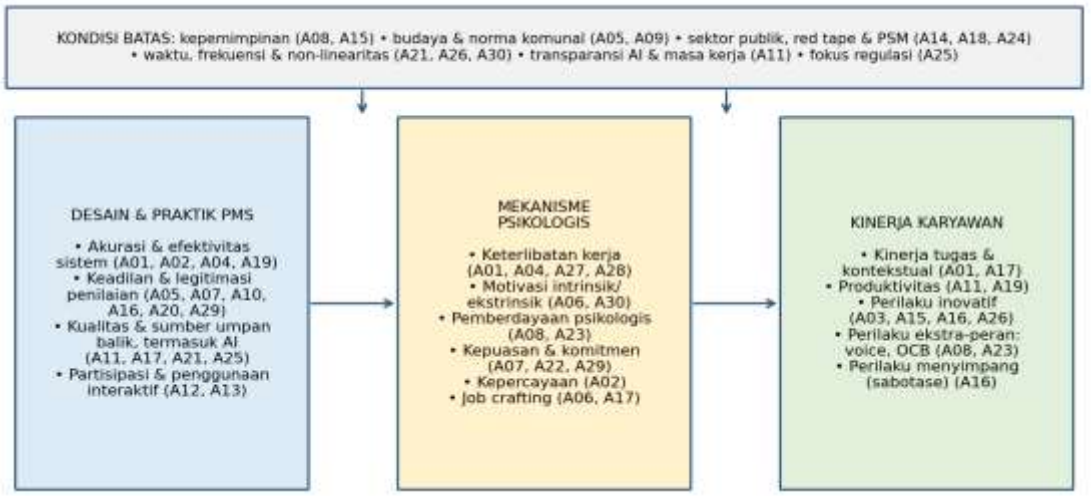


Figure 4.4 Integrative Framework Design–Mechanism–Performance–PMS Boundary Conditions

Research Query 5 : Performance Management System Research that still needs to be developed

Research that still needs to be developed in the future is formulated from the gaps identified, namely from the limitations of the theories, methods, contexts, and findings studied, as well as from the limitations stated by the author of the article. The things that can be done for research on the next STD are:

- **Strengthening and integrating theory**

  Nineteen of the 30 articles did not explicitly mention the theory in the abstract and no studies have tested the theory together. Relational logic (social exchange theory and organizational justice theory) and motivational logic (goal-setting theory and self-determination theory) are also almost always tested separately. Further research needs to build a model that integrates the two logics, for example testing whether the fairness of judgment improves performance through social exchange (commitment) or through intrinsic motivation, as well as which is stronger.

- **Strengthen research design and performance measurement**

  A total of 23 articles used surveys, only five were longitudinal (Berdicchia et al., 2021; Lee

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

& Robertson, 2023; Ghani et al., 2024; Yang et al., 2024; Duy & Nguyen Hoang, 2026), and only four were experimental (Tong et al., 2021; Wang & Kim, 2022; Bauwens et al., 2023; Pei et al., 2024). In addition, only 11 articles measured performance directly, while the rest measured work attitudes. Future research will need to use panel design, data from multiple sources (superiors, peers, and objective performance records), as well as field experiments in order to prove the causal relationship between PMS and performance.

- **Time dynamics and non-linear relationships**

Findings on the inverse U-relationship of assessment intervals (Yang et al., 2024), non-monotonic effects (Duy & Nguyen Hoang, 2026), and the importance of feedback trends (Wei et al., 2023) suggest that "more often" is not always "better". Research needs to test the optimal frequency of assessment for different types of work, as well as how the effects of PMS change over time after the system is implemented.

- **Digital and artificial intelligence-based PMS**

Only two articles examined AI-based feedback, with conflicting findings, AI can decrease productivity when disclosed (Tong et al., 2021), but it can also reduce the social threat of negative feedback (Pei et al., 2024). Research needs to examine the role of transparency, algorithmic fairness, and employee acceptance of e-performance systems, people analytics, and automated feedback.

- **Individual heterogeneity**

The effects of STDs differ by age and gender (Rana & Singh, 2021), length of service (Tong et al., 2021), regulatory focus (Pei et al., 2024), and future work self-salience (Yang et al., 2024). Research needs to systematically examine which individual characteristics make PMS more effective, so that organizations can design more personalized feedback and development.

- **Public sector and design reform**

Evidence from the public sector suggests that SME reform can have a negative impact (Wang & Kim, 2022) due to competing accountability and development goals and the existence of red tape (Hill & Plimmer, 2024). Research needs to examine how reform design, red tape, and public service motivation moderate the effects of PMS on employee performance, as well as why some reforms are successful (Lee & Robertson, 2023) while others are not.

- **Cultural context and Indonesia**

Only one core article examined Indonesia (Yuliansyah et al., 2021), while two studies showed that culture determines the effectiveness of STDs (Kivipõld et al., 2020; Natukunda, 2021). Research in Indonesia needs to examine whether the performance dialogue and continuous

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

feedback in PANRB Ministerial Regulation Number 6 of 2022 improve the performance of the apparatus through engagement and fairness, as well as how collectivist and hierarchical cultures affect SKP and e-performance acceptance.

- **Integration of management accounting perspectives and the dark side of PMS**

Only two core articles originate from the management accounting tradition (Baird et al., 2020; Yuliansyah et al., 2021), even though both show that the way performance information is used (interactive and trust-based) determines its impact. Research needs to examine how the use of diagnostics and interactive (levers of control) as well as the enabling and coercive nature of PMS interact with fairness and feedback in shaping individual performance. In addition, only one study examined deviant behavior (Ghazi et al., 2023), so the dark side of PMS, such as indicator manipulation, stress, and sabotage, still needs to be studied.

DISCUSSION

Integrative Design–Mechanism–Performance–Boundary Conditions

The synthesis produced four components of PMS that are consistent with performance, namely system accuracy or effectiveness, fairness and legitimacy, quality and source of feedback, and interactive participation and use. These components affect performance through psychological mechanisms, namely engagement, motivation, empowerment, satisfaction and commitment, trust, and job crafting. The performance outcomes that are affected are not only task performance, but also innovative behaviors, extra-role behaviors, productivity, and even deviant behavior. All of these pathways are influenced by boundary conditions in the form of leadership, culture, public sector, time or frequency, technological transparency, and individual characteristics.

Schleicher et al.'s (2018) view that PMS should be understood as a sustainable system. The finding that the strength of PMS (distinctive, consistent, consensual) predicts innovative behavior (Bauwens et al., 2023) supports the perspective of the strength of HR systems (Bowen & Ostroff, 2004). The dominance of engagement and commitment mechanisms is consistent with social exchange theory (Blau, 1964), while the central role of justice reinforces the theory of organizational justice (Colquitt, 2001).

Contradictions in Performance Management

The review found three contradictions. First, the contradiction of intensity: more frequent assessments are not necessarily better (Yang et al., 2024) and situational forces can weaken long-term effects (Duy & Nguyen Hoang, 2026). Second, technological contradictions: AI feedback

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

improves the quality of information, but its disclosure can decrease productivity (Tong et al., 2021), although under certain conditions AI actually reduces the social threat of negative feedback (Pei et al., 2024). Third, reform of STDs: SME reform in the public sector can lower employee attitudes (Wang & Kim, 2022) because accountability and development goals are competing (Hill & Plimmer, 2024). These paradoxes explain why the evidence on the effectiveness of STDs is often inconsistent (DeNisi & Murphy, 2017).

Integration of Management Accounting Perspectives

Only two articles explicitly come from the tradition of management accounting (Baird et al., 2020; Yuliansyah et al., 2021). Both show that the way performance information is used, i.e. interactively and trust-based, determines the impact of behavior. This is in line with the concepts of enabling control (Adler & Borys, 1996) and levers of control (Simons, 1995). Thus, HR research on fairness and feedback can be enriched by the concept of using control systems from management accounting, and vice versa.

CONCLUSION

A systematic review of 150 articles and a synthesis of 30 articles for the period 2020–2026 shows that PMS contributes to employee performance when it is designed accurately, fairly, given feedback or input, participatory, and used interactively. These influences mainly work through work engagement, motivation, empowerment, satisfaction, commitment, and trust, and are highly dependent on leadership, culture, sector, time dynamics, and how technology is applied. Future research needs to strengthen theoretical foundations, using longitudinal and experimental designs, examining digital and AI-based PMS.

IMPLICATIONS

Theoretical Implications

This study expands the understanding of PMS by showing that its effects on performance are indirect through psychological mechanisms, depending on the components of the system and how they are used, and can be both non-linear and contextual. The Design–Mechanism–Performance–Boundary Conditions framework can be used as a conceptual model for further research that tests these pathways simultaneously.

Practical Implications

For HR managers and managers, including government agencies that implement SKP and e-performance, these findings suggest several things. First, prioritize procedural and interpersonal

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

fairness and clarity of assessment criteria. Second, build performance dialogue and development feedback that is reasonably scheduled, not just frequent. Third, involve employees in determining indicators and use performance information interactively for learning. Fourth, when implementing digital systems or AI, communicate the role of technology transparently and gradually. Fifth, equip direct supervisors with empowering leadership competencies because leadership strengthens the effects of PMS.

REFERENCES

Adler, P. S., & Borys, B. (1996). Two types of bureaucracy: Enabling and coercive. *Administrative Science Quarterly*, *41*(1), 61–89. https://doi.org/10.2307/2393986

Aguinis*, H. (2019). Performance management (4th ed.). Chicago Business Press.*

Akanmu, M. D., Panatik, S. A., & Shahrin, R. (2025). The influence of performance appraisal practices on employee engagement at higher education institutions of Malaysia. Cogent Business & Management, 12(1). https://doi.org/10.1080/23311975.2024.2442093

Ambilichu, C. A., Akaighe, G. O., & Pepple, D. (2024). Performance appraisal process as a determinant of employee commitment: A serial mediation analysis. Journal of Organizational Effectiveness: People and Performance, 11(4). https://doi.org/10.1108/joepp-07-2023-0273

Awan, S. H., Habib, N., Akhtar, C. S., & Naveed, S. (2020). Effectiveness of performance management system for employee performance through engagement. SAGE Open, 10(4). https://doi.org/10.1177/2158244020969383

Baird, K., Tung, A., & Su, S. (2020). Employee empowerment, performance appraisal quality and performance. Journal of Management Control, 31(4). https://doi.org/10.1007/s00187-020-00307-y

Bauwens, R., Audenaert, M., & Decramer, A. (2023). Performance management systems, innovative work behavior and the role of transformational leadership: An experimental approach. Journal of Organizational Effectiveness: People and Performance, 11(1). https://doi.org/10.1108/joepp-03-2022-0066

Berdicchia, D., Bracci, E., & Masino, G. (2021). Performance management systems promote job crafting: The role of employees' motivation. Personnel Review, 51(3). https://doi.org/10.1108/pr-05-2020-0361

Blau, P. M. (1964). Exchange and power in social life. Wiley.

Bowen, D. E., & Ostroff, C. (2004). Understanding HRM–firm performance linkages: The role of the "strength" of the HRM system. Academy of Management Review, 29(2). https://doi.org/10.5465/amr.2004.12736076

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2). https://doi.org/10.1191/1478088706qp063oa

Brefo-Manuh, A. B., & Anlesinya, A. (2021). Performance appraisal justice and work attitudes of health-care workers in Ghana. European Journal of Training and Development, 47(1/2). https://doi.org/10.1108/ejtd-02-2021-0027

Canet-Giner, T., Redondo-Cano, A., Saorin-Iborra, C., & Escribá-Carda, N. (2020). Impact of the perception of performance appraisal practices on individual innovative behavior. European Journal of Management and Business Economics, 29(3). https://doi.org/10.1108/ejmbe-01-2019-0018

Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. Journal of Applied Psychology, 86(3). https://doi.org/10.1037/0021-9010.86.3.386

Cosa, M., & Torelli, R. (2024). Digital transformation and flexible performance management: A systematic literature review of the evolution of performance measurement systems. Global Journal of Flexible Systems Management, 25(3). https://doi.org/10.1007/s40171-024-00409-9

DeNisi, A. S., & Murphy, K. R. (2017). Performance appraisal and performance management: 100 years of progress? Journal of Applied Psychology, 102(3). https://doi.org/10.1037/apl0000085

Duy, P. K., & Nguyen Hoang, P. (2026). Performance management over time: Non-monotonic effects of personal values, work attitudes and situational strength on employee performance behaviour. International Journal of Productivity and Performance Management. https://doi.org/10.1108/ijppm-01-2026-0046

Ferreira, A., & Otley, D. (2009). The design and use of performance management systems: An extended framework for analysis. Management Accounting Research, 20(4). https://doi.org/10.1016/j.mar.2009.07.003

Ghani, B., Malik, M. A. R., & Memon, K. R. (2024). Effects of performance appraisal on employees' extra-role behaviors and turnover intentions – a parallel mediation model. Personnel Review, 53(9). https://doi.org/10.1108/pr-10-2022-0707

Ghazi, K. M., El-Said, O., Salem, I. E., & Smith, M. (2023). Does performance appraisal legitimacy predict employee sabotage and innovative behaviors? The mediating role of performance appraisal satisfaction. Tourism Management Perspectives, 47, Article 101117. https://doi.org/10.1016/j.tmp.2023.101117

Guo, Y., Xiong, G., Shaw, K., Liao, J., Zhang, Z., & Yi, F. (2023). Why does developmental feedback foster employee job performance? The mediating role of job crafting. SAGE Open, 13(3). https://doi.org/10.1177/21582440231185523

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Hill, K., & Plimmer, G. (2024). Employee performance management: The impact of competing goals, red tape, and PSM. Public Personnel Management, 53(3). https://doi.org/10.1177/00910260241231371

Hosciuc Rendi, C. D., Vihari, N. S., & Pappachan, R. (2025). The impact of performance management systems on employee work attitudes: Empirical evidence. Cogent Business & Management, 12(1). https://doi.org/10.1080/23311975.2025.2538717

Jang, S., Chung, Y., & Son, H. (2022). Employee participation in performance measurement system: Focusing on job satisfaction and leadership. International Journal of Productivity and Performance Management, 72(7). https://doi.org/10.1108/ijppm-08-2021-0448

Kakkar, S., Dash, S., Vohra, N., & Saha, S. (2020). Engaging employees through effective performance management: An empirical examination. Benchmarking: An International Journal, 27(5). https://doi.org/10.1108/bij-10-2019-0440

Ministry of State Apparatus Empowerment and Bureaucratic Reform. (2022). PANRB Ministerial Regulation Number 6 of 2022 concerning Performance Management of State Civil Apparatus Employees.

Kivipõld, K., Türk, K., & Kivipõld, L. (2020). Performance appraisal, justice and organizational effectiveness: A comparison between two universities. International Journal of Productivity and Performance Management, 70(1). https://doi.org/10.1108/ijppm-05-2019-0229

Lee, H. W., & Robertson, P. J. (2023). Improvements in employee performance management over time: Evidence from U.S. federal agencies. Public Management Review, 27(3), 598–622. https://doi.org/10.1080/14719037.2023.2254303

Lewandowski, R. A., & Cirella, G. T. (2023). Performance management systems: Trade-off between implementation and strategy development. Operations Management Research, 16, 280–295. . . https://doi.org/10.1007/s12063-022-00305-4

Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. American Psychologist, 57(9). https://doi.org/10.1037 /0003-066X.57.9.705

Memon, K. R., & Ghani, B. (2021). The relationship between performance appraisal system and employees' voice behavior through the mediation-moderation mechanism. South Asian Journal of Business Studies, 12(2). https://doi.org/10.1108/sajbs-01-2020-0012

Muhammad, M., Suleiman, W., Al Mamun, M. A., Jewel, R. M., & Mozumder, M. A. S. (2025). Mediating effect of appraisal fairness between the relationship of appraisal satisfaction and employee performance appraisal: A case of Bauchi State Teachers Service Commission,

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Nigeria. Cogent Business & Management, 12(1). https://doi.org/10.1080/23311975.2025.2450297

Natukunda, L. (2021). Communitarian norms and employee performance management in Africa. Employee Relations, 44(2). https://doi.org/10.1108/er-01-2021-0045

Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., Shamseer, L., Tetzlaff, J. M., Akl, E. A., Brennan, S. E., Chou, R., Glanville, J., Grimshaw, J. M., Hróbjartsson, A., Lalu, M. M., Li, T., Loder, E. W., Mayo-Wilson, E., McDonald, S., Moher, D. (2021). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. BMJ, 372, n71. https://doi.org/10.1136/bmj.n71

Pei, J., Wang, H., Peng, Q., & Liu, S. (2024). Saving face: Leveraging artificial intelligence-based negative feedback to enhance employee job performance. Human Resource Management, 63(5). https://doi.org/10.1002/hrm.22226

Phan, T., & Baird, K. (2026). The use of big data analytics in performance management: The antecedents and role in enhancing performance measurement system effectiveness. Journal of Management Control. https://doi.org/10.1007/s00187-026-00414-2

Government of the Republic of Indonesia. (2019). Government Regulation Number 30 of 2019 concerning Performance Assessment of Civil Servants.

Rana, S., & Singh, S. (2021). Performance appraisal justice and affective commitment: Examining the moderating role of age and gender. International Journal of Organizational Analysis, 30(1). https://doi.org/10.1108/ijoa-04-2020-2124

Schleicher, D. J., Baumann, H. M., Sullivan, D. W., Levy, P. E., Hargrove, D. C., & Barros-Rivera, B. A. (2018). Putting the system into performance management systems: A review and agenda for performance management research. Journal of Management, 44(6). https://doi.org/10.1177/0149206318755303

Simons, R. (1995). Levers of control: How managers use innovative control systems to drive strategic renewal. Harvard Business School Press.

Siraj, N., & Hágen, I. (2023). Performance management system and its role for employee performance: Evidence from Ethiopian SMEs. Heliyon, 9(11). https://doi.org/10.1016/j.heliyon.2023.e21819

Taneja, S., Srivastava, R., & Ravichandran, N. (2023). Employees' fairness perception towards performance appraisal system: Antecedents and consequences. Review of Managerial Science, 18(8). https://doi.org/10.1007/s11846-023-00680-7

Tong, S., Jia, N., Luo, X., & Fang, Z. (2021). The Janus face of artificial intelligence feedback:

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Deployment versus disclosure effects on employee performance. Strategic Management Journal, 42(9). https://doi.org/10.1002/smj.3322

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. British Journal of Management, 14(3). https://doi.org/10.1111/1467-8551.00375

Wang, W., & Kim, T. K. (2022). Examining the effects of a performance management reform on employee attitudes and organizational climate. Public Management Review, 25(7). https://doi.org/10.1080/14719037.2022.2026095

Wei, F., Xu, L., Hu, X., Chang, S., & Wu, Y. (2023). Negative feedback change and employee performance: A goal-setting theory perspective. Asia Pacific Journal of Management, 41(4). https://doi.org/10.1007/s10490-023-09908-2

Yang, J., Wang, B., Zhao, B., & Ma, J. (2024). Performance appraisal interval and employee exploratory innovation behavior: The curvilinear relationship and the boundary conditions. Journal of Managerial Psychology, 39(8). https://doi.org/10.1108/jmp-03-2023-0197

Yuliansyah, Y., Khan, A., & Triwacananingrum, W. (2021). The "interactive" performance measurement system and team performance – towards optimal organizational utility. International Journal of Productivity and Performance Management, 71(5). https://doi.org/10.1108/ijppm-03-2020-0111

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License