

THE EFFECT OF PERFORMANCE APPRAISAL AND ORGANIZATIONAL CULTURE ON PROMOTION OPPORTUNITIES FOR OUTSTANDING EMPLOYEES

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Abstract

Employee promotion plays a crucial role in career development and organizational success. Two primary factors influencing promotion opportunities are performance appraisal and organizational culture. Performance appraisal serves as a systematic process for evaluating employee contributions, while organizational culture shapes how these evaluations translate into promotion decisions. This study aims to examine the relationship between these factors and their impact on career advancement for outstanding employees. Using qualitative methods, this research investigates how appraisal systems and workplace culture interact to create or hinder promotion opportunities. The results suggest that transparent, merit-based performance appraisal systems, coupled with a supportive organizational culture, significantly enhance promotion prospects for top-performing employees. Organizations that foster fairness, clear evaluation criteria, and growth-oriented cultures are more likely to retain and advance high-potential talent.

Keywords: Performance Assessment, Organizational Culture, Promotion Opportunities

1. Introduction

According to (MSM, 2020) Promotion is a form of appreciation expected by outstanding employees in recognition of their contributions to the company. However, in reality, not all employees who perform well get the opportunity for promotion. Often, factors such as a less objective performance appraisal system or an organizational culture that does not support career development are obstacles for high-achieving employees to reach higher positions. When performance appraisals are not properly managed, opportunities to identify potential employees are hampered, leading to dissatisfaction among employees who feel that their contributions are not being appreciated fairly.

On the other hand, organizational culture plays an important role in shaping a work environment that can encourage or hinder career progression. A culture that encourages collaboration, innovation, and reward for performance tends to create conditions that support promotion for high-achieving employees. However, if the organizational culture prioritizes hierarchy and subjectivity in decision-making, then the opportunities for employees to develop are limited. Therefore, it is important to research how effective performance appraisals and a conducive organizational culture can affect promotion opportunities for high-performing employees (Ichsan & Nasution, 2020).

Employee promotion is a fundamental aspect of career progression and organizational success. It serves as an important motivational tool that enhances employee engagement, job satisfaction, and productivity (Robbins and Judge, 2019). However, the fairness and effectiveness of promotion processes often depend on two key factors: performance appraisal and organizational culture.

Performance appraisal is a structured method for assessing employees' work performance, skills, and contributions to the organization. When implemented correctly, it provides a transparent basis for promotion decisions (Aguinis, 2019). On the other hand, organizational culture plays a critical role in shaping how promotions are granted. A culture that values fairness, meritocracy, and career growth encourage outstanding employees to strive for higher positions (Schein and Schein, 2017). Conversely, a workplace that lacks clear promotion criteria or relies on favoritism may hinder career advancement, leading to dissatisfaction and high turnover rates (Denison, 2020).

Employee dissatisfaction due to unfair promotion practices can have far-reaching consequences for an organization. When high-performing employees perceive that their efforts are not being recognized or rewarded, it can lead to decreased morale, reduced productivity, and even attrition. Talented employees who feel undervalued are more likely to seek opportunities elsewhere, resulting in a loss of critical skills and knowledge for the organization (Allen & Bryant, 2012). This not only disrupts team dynamics but also increases recruitment and training costs for the company. Therefore, ensuring a transparent and merit-based promotion system is essential for retaining top talent and maintaining a competitive edge in the market.

Moreover, the alignment between performance appraisal systems and organizational culture is crucial for fostering a sense of trust and fairness among employees. When employees believe that promotions are based on objective criteria and aligned with the organization's values, they are more likely to remain committed and motivated (Pfeffer & Sutton, 2006). Organizations that prioritize continuous feedback, skill development, and clear career pathways create an environment where employees feel empowered to grow and contribute meaningfully. By addressing the gaps in performance appraisal systems and cultivating a culture that supports career advancement, organizations can not only enhance employee satisfaction but also drive long-term success and innovation.

2. Theoretical Background

2.1 Performance Assessment

According to (Sulandari et al., 2019) Performance appraisal is the main tool that organizations use to assess an employee's contribution and ability to achieve company goals. Through performance appraisals, organizations can identify individual strengths and weaknesses, which can further aid in promotion-related decision-making. An objective, transparent, and consistent performance appraisal system plays an important role in maintaining fairness and employee motivation, especially for those who have aspirations to move up. However, if performance appraisals are carried out with subjectivity or without clear criteria, then it can cause dissatisfaction among employees, especially for those who feel that their performance is not appreciated according to their contributions.

The implementation of good performance appraisals can help companies in keeping outstanding employees motivated. Employees who feel fairly valued and rewarded for their work tend to have a higher commitment to the company. Performance appraisals designed with measurable indicators and accompanied by periodic feedback will provide clarity for employees regarding areas that need to be improved to achieve promotion opportunities.

2.2 Organizational Culture

According to (Zebua, 2020) Organizational culture is the foundation that influences the attitudes, behaviors, and work ethic of employees within the company. A culture that encourages collaboration, appreciation, and innovation will create an environment conducive to career development and encourage employees to continue to excel. In organizations that have an appreciative culture, high-performing employees are more likely to get the attention and rewards they deserve, thus opening up opportunities for them to be promoted. However, an organizational culture that is too hierarchical or less adaptive to change often hinders career development, so even high-achieving employees can experience stagnation in their careers.

According to (Mahmudin & Komariyah, 2019) Organizational culture also affects how the company responds to overall employee performance. For example, an organizational culture that prioritizes hierarchy and politics can cause injustice in the assessment and promotion process. On the other hand, organizations that prioritize openness and innovation will be better able to identify and reward employees who show outstanding performance, thus providing greater opportunities for them to move up.

2.3 Promotion Opportunities

According to (Ichsan & Nasution, 2020) Promotion opportunities are a career development process where employees are given a higher position as a form of appreciation for their contributions. Promotion is the result of individual performance, competence, and conformity with organizational values.

A transparent and objective evaluation system helps organizations identify individuals who deserve career advancement. According to Ichsan & Nasution (2020), promotion is part of the career development process in which employees are given a higher position as a form of appreciation for their contributions. This promotion is not only based on individual performance but also on competence and alignment with organizational values. In other words, promotion serves not only as recognition of an employee's achievements but also as a reflection of how well they adapt to the organization's culture and objectives. Therefore, the combination of a fair performance appraisal system and a meritocratic organizational culture is essential in creating open and equitable promotion opportunities for high-performing employees.

3. Methods

This study uses a qualitative approach with a documentation study method to analyze the influence of performance appraisal and organizational culture on promotion opportunities for outstanding employees. The qualitative approach was chosen because this research focuses on an in-depth understanding of organizational policies and practices in assessing performance as well as how organizational culture influences employee promotion decisions. This study aims to explore the meaning, patterns, and relationships between the variables studied based on official documents and other written sources. The data in this study was obtained through documentation studies, namely by collecting, analyzing, and analyzing various relevant documents and then the collected data was analyzed using the content analysis method.

4. Results and Discussion

4.1 The Relationship between Performance Appraisal and Promotion Opportunities

In the journal (Ananda, 2019) A fair and structured performance appraisal provides an important foundation in determining an employee's eligibility for promotion. By

assessing performance objectively, companies can more easily identify employees who have the potential for higher positions, so that the promotion process can be carried out on target. Employees who consistently receive high ratings have a greater chance of getting promoted, as objective assessments show a clear track record of their performance and contribution to organizational goals.

In the journal (Zebua, 2020) Effective performance appraisal serves as an objective basis in assessing the contribution of each employee in the company. When assessments are conducted in a structured manner and based on clear indicators, companies can more easily identify employees who deserve promotions. By using objective performance parameters, such as target achievement, quality of work, and adaptability to change, the performance appraisal process helps reduce the influence of bias and subjectivity. On the other hand, without a transparent performance appraisal system, opportunities to provide awards or promotions for outstanding employees may not be realized, because there are no clear benchmarks to assess employee potential.

Objective performance appraisals also provide encouragement for employees to strive to meet the criteria required by the company to achieve higher positions. Employees who feel that the assessment is conducted fairly will be more motivated to improve their performance and achieve the standards the company wants. When employees realize that objective performance appraisals are a major factor in promotion, they will try harder to show their best performance. Thus, companies that implement structured and objective performance appraisals will have a greater opportunity to identify and provide promotion opportunities to outstanding employees.

However, if performance appraisals are not done properly, such as bias in judgment or favoritism, then the opportunity for promotion for outstanding employees will be hampered. This is not only detrimental to individual employees, but can also affect overall motivation and morale.

4.2 The Relationship between Organizational Culture and Promotion Opportunities

In the journal (Kenny et al., 2022) An organizational culture that supports career development can help in the process of identifying and promoting outstanding employees. Organizations with a culture of appreciation and openness to individual achievements tend to be fairer in providing promotion opportunities. Organizational culture is an element that influences how values, norms, and habits are formed within a company. A culture that supports collaboration, appreciation, and innovation tends to create a work environment that is conducive to employees to develop and excel. In an organization with this kind of culture, employees are more motivated to work hard and contribute to the maximum because they feel that their performance will be appreciated. In addition, a culture that is open to performance rewards creates an environment that supports promotion opportunities for those with outstanding achievements.

This kind of culture allows employees to feel valued and motivated, so they are encouraged to continuously improve their performance. Thus, an organizational culture that supports the achievement and career development of employees will create greater opportunities for outstanding employees to achieve higher positions.

Conversely, an organizational culture that is too rigid or prioritizes subjective factors in promotion decisions can be an obstacle for employees to move up, even for those who show high performance. A culture that undervalues individual contributions can cause employees to lose motivation and be reluctant to improve their performance.

4.3 The Interaction between Performance Assessment and Organizational Culture on Promotion

The interaction between objective performance appraisals and conducive organizational culture has a significant influence on promotion opportunities for outstanding employees. When a transparent performance appraisal system is supported by an organizational culture that values achievement, the employee's chances of being promoted become greater. This combination creates conditions that support career growth for employees, where they feel that their efforts and achievements are recognized and valued.

In the journal (Sulandari et al., 2019) The interaction between objective performance appraisals and an organizational culture that supports career development creates optimal conditions to provide promotion opportunities to outstanding employees. When an organization implements a clear and objective performance appraisal system, and has a culture that is open to achievement awards, then promotion opportunities can be provided to employees based on real performance achievements. This combination creates a fair work environment, where employees feel that their efforts and contributions are recognized, so they are motivated to continuously improve their performance.

On the other hand, even if the performance appraisal is done well, without an organizational culture that supports career development, the opportunity for promotion can still be hampered. Similarly, a supportive organizational culture in the absence of an objective performance appraisal system will lead to unstructured appraisals, so employees who deserve to be promoted may not be properly identified.

On the other hand, if performance appraisals are done well but are applied in organizations with a culture that does not support career development, then the results of the appraisal will not be optimal in providing promotion opportunities. On the other hand, a supportive culture without an objective performance appraisal system will find it difficult to achieve fair promotion goals.

5. Conclusion

Performance appraisal and organizational culture are important factors that affect promotion opportunities for outstanding employees. Objective and transparent performance appraisals provide a clear basis for measuring employees' contributions to the organization and improve fairness in the promotion process. In addition, an organizational culture that supports appreciation of individual performance and is open to employee career development also creates a conducive work climate and encourages employee motivation to achieve higher achievements.

The interaction between structured performance appraisals and organizational culture that supports career growth has been proven to increase effectiveness in providing fair promotion opportunities. When performance appraisals are conducted objectively and supported by a culture that rewards achievement, employees feel motivated and motivated to give their best to the organization. By doing so, companies can retain and develop outstanding employees, ultimately contributing to increased productivity and company sustainability.

To increase the chances of promotion for outstanding employees, companies are advised to optimize an objective, transparent, and clear indicator-based performance appraisal system. This can be strengthened by providing training to managers or supervisors to be able to carry out assessments fairly and reduce subjectivity bias. In addition, it is important for companies to build an organizational culture that values

achievement and supports career development, for example through special appreciation programs or awards for employees who demonstrate high performance.

Companies can also integrate performance appraisal results in promotion planning and career development to ensure a more effective and structured promotion process. In addition, providing regular feedback to employees regarding their performance will help them understand areas that need improvement, so that they are more motivated to improve their performance to achieve promotion opportunities. By implementing these strategies, companies can create a fair and competitive work environment, and provide greater opportunities for high-achieving employees to grow and reach higher career paths.

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