



Impact of Performance Appraisals on Employee Performance in Private Universities and Institutes of Afghanistan

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ABSTRACT

This study investigates the impact of performance appraisals on employee performance in private Universities and Institutes of Afghanistan. The research aims to address the lukewarm attitudes towards the performance appraisal system, which can negatively affect organizational productivity. A sample of 250 respondents from private universities and higher education institutes in Afghanistan was selected using a simple random sampling technique. Data was collected through a structured questionnaire and analyzed. The findings indicate a high level of awareness of performance appraisal among staff in private universities and institutes. The study also reveals that performance appraisal significantly impacts employee performance. However, a challenge identified is the inability to provide timely feedback within the performance appraisal system. As a recommendation, the study suggests that management should maintain objectivity during the appraisal process, provide regular feedback, and offer career development opportunities to gain a competitive advantage in the organization.

INTRODUCTION

Performance appraisal is a critical process within organizations that aims to evaluate and assess the performance of employees in order to provide feedback, identify strengths and areas for improvement, and support career development (DeNisi, 2017). It serves as a valuable tool for organizations to align individual performance with organizational goals and enhance overall productivity and effectiveness (DeNisi & Smith, 2014). The implementation of an effective performance appraisal system can have a significant impact on employee motivation, job satisfaction, and ultimately, organizational success.

Performance appraisal systems have evolved over time, moving away from traditional methods such as rating scales and checklists towards more comprehensive and dynamic approaches that incorporate continuous feedback, goal-setting, and developmental conversations (Cawley, Keeping, & Levy, 2016). These modern systems focus not only on evaluating past performance but also on fostering employee growth and future performance improvement (Kaplan & Haenlein, 2019).

In recent years, research on performance appraisal has garnered significant attention as organizations strive to optimize their talent management practices (DeNisi, 2017). Scholars have explored various aspects of performance appraisal, including its impact on employee motivation (Biron & Iversen, 2012), job satisfaction (DeNisi & Pritchard, 2016), and organizational commitment (Kuvaas, Buch, Dysvik, & Haerem, 2017). Additionally, studies have examined the role of performance appraisal in supporting career development and identifying training needs (DeNisi, 2017; DeNisi & Smith, 2014).

Despite the growing body of research on performance appraisal, there are still challenges and controversies surrounding its implementation and effectiveness (Pulakos, Hanson, Arad, & Moye, 2015). Factors such as rater bias, lack of clarity in performance criteria, and inadequate feedback provision can undermine the intended benefits of the appraisal process (DeNisi & Pritchard, 2016). Therefore, understanding the nuances of performance appraisal and addressing these challenges is crucial for organizations to maximize its potential benefits.

In light of the significance of performance appraisal in organizational settings, this research aims to delve deeper into the impact of performance appraisal on employee performance in private Universities and Institutes of Afghanistan. By examining the current practices, challenges, and outcomes of performance appraisal in this specific context, valuable insights can be gained to enhance the effectiveness of performance appraisal systems and contribute to the overall success of the higher education sector in Afghanistan.

Problem Statement

Despite the recognized importance of performance appraisal systems in enhancing employee performance and organizational productivity, many private universities in Afghanistan face challenges in effectively implementing and utilizing such systems. These challenges include lukewarm attitudes towards performance appraisal, limited awareness of its benefits, inadequate provision of timely feedback, and a lack of clarity in performance criteria. As a result, organizational training needs may go unidentified, and employees may experience low motivation and job satisfaction, leading to suboptimal performance. Therefore, there is a need to investigate the impact of performance appraisal on employee performance in private Universities and Institutes of Afghanistan and address the specific challenges faced in order to optimize the benefits of performance appraisal systems and contribute to the success of the higher education sector in the country.

Objective of the Study

1. Assess the current practices and utilization of performance appraisals in private universities and Higher education institute of Afghanistan.
2. To know the relationship between performance appraisals and employee performance in private universities and Higher education institute.
3. Identify factors influencing the effectiveness of performance appraisals in private universities and Higher education.

Research Hypothesis

H1: Employee performance is significantly influenced by performance appraisal.

H01: Employee performance has no significantly influenced by performance appraisal.

LITERATURE REVIEW

Performance Appraisal

Performance appraisal is a systematic process used by organizations to assess and evaluate the job performance of employees. It plays a crucial role in providing feedback, identifying strengths and areas for improvement, making decisions regarding promotions and rewards, and facilitating employee development. This literature review aims to explore the key concepts, theories, and research findings related to performance appraisal.

Theoretical Foundations of Performance Appraisal

Several theoretical frameworks provide insights into the conceptual foundations of performance appraisal. One widely recognized model is the Goal-Setting Theory proposed by Locke and Latham (1990). According to this theory, specific and challenging goals set during the performance appraisal process can enhance employee motivation, performance, and productivity.

Additionally, the Expectancy Theory by Vroom (1964) suggests that employees' performance is influenced by their beliefs about the link between effort, performance, and desired outcomes, which can be reinforced through performance appraisal feedback.

Impact of Performance Appraisal on Employee Performance

Research has consistently shown a relationship between performance appraisal and employee performance. A meta-analysis by Smither et al. (2016) revealed a positive correlation between performance appraisal ratings and job performance. It found that effective performance appraisal systems that provide accurate and constructive feedback can lead to improved employee performance outcomes.

The Role of Feedback in Performance Appraisal

Feedback is a crucial component of the performance appraisal process. Research suggests that the quality and delivery of feedback significantly influence its impact on employee performance. A study by Kluger and DeNisi (1996) highlighted the importance of timely, specific, and constructive feedback in improving employee performance. Furthermore, the 360-degree feedback approach, which involves gathering feedback from multiple sources, has gained popularity due to its comprehensive and holistic nature (Atwater & Brett, 2006).

Challenges and Criticisms of Performance Appraisal

Despite its potential benefits, performance appraisal has faced criticism and challenges. One common criticism is the potential for bias and subjectivity in the appraisal process (Murphy & Cleveland, 1995). Research has highlighted the influence of various biases, such as halo and leniency errors, on performance ratings. Additionally, the negative impact of appraisal-related stress and anxiety on employee well-being has been recognized (Biron & van Veldhoven, 2012).

Improving Performance Appraisal Practices

To enhance the effectiveness of performance appraisal, organizations have implemented various strategies and interventions. The use of competency frameworks, where specific skills and behaviors are evaluated, has gained popularity to ensure objective and relevant performance criteria. Additionally, ongoing performance feedback and coaching, rather than relying solely on annual appraisals, have been advocated for continuous performance improvement (Cardy & Dobbins, 1994).

Current Practices and Utilization of Performance Appraisals

Research on the current practices and utilization of performance appraisals in private Universities and Institutes of Afghanistan is limited. However, Rahimzadeh and Hashemi (2019) conducted a study on performance management practices in Afghan universities and found inconsistent implementation of performance appraisals across institutions. The study

emphasized the need for clear performance criteria, well-defined evaluation processes, and regular feedback provision to enhance the effectiveness of performance appraisals.

Relationship between Performance Appraisals and Employee Performance

Numerous studies conducted in various organizational settings have consistently shown a positive correlation between performance appraisals and employee performance outcomes. A meta-analysis by DeNisi and Kluger (2019) revealed that performance appraisals significantly influenced employee job performance in diverse industries. Similarly, Verbeeten (2019) demonstrated that effective performance appraisals positively impacted employee engagement, motivation, and productivity.

Factors Influencing the Effectiveness of Performance Appraisals

Several factors influence the effectiveness of performance appraisals in private universities. One crucial factor is the alignment between performance criteria and organizational goals. Azeem, Akhtar, and Hanif (2020) emphasized the importance of setting clear performance expectations that are directly linked to the mission and objectives of private universities in Afghanistan. In addition, supervisor-employee communication and feedback delivery play a significant role. Aziri (2017) found that open and constructive communication during performance appraisals fostered employee development and improved performance outcomes.

Moreover, the presence of a supportive organizational culture is vital for the effectiveness of performance appraisals. Ahmad, Shahzad, and Shabbir (2018) discovered that a positive organizational culture characterized by trust, fairness, and transparency enhanced the impact of performance appraisals on employee performance in higher education institutions.

METHODOLOGY

The data analysis involved the utilization of frequency, percentage, mean, standard deviation, and linear regression techniques. In this study, a single regression model was employed to explore the influence of the performance appraisal system on employee performance. The specific formulation of this model is presented below.

$$\text{Employee performance } i = \beta_0 + \beta_1 \text{ Performance Appraisal } i + e_i$$

Where;

β_0 = intercept

β_1 = regression coefficient

e_i = error term

RESULT

Research Design

Research design impact of performance appraisals on employee performance in private universities this study utilizes a survey research design to assess the thoughts, opinions, and feelings of participants regarding performance appraisals. A structured closed-ended questionnaire is employed to guide respondents and maintain focus on the topic. The snowball sampling technique is used to distribute questionnaires among staff members of private universities and higher education institutes. The survey research design is chosen due to its ease of administration, time efficiency, and remote administration options, as recommended by Wyse (2012). The survey can be conducted remotely through online platforms, mobile devices, mail, or telephone.

Sampling Method and Sample Size

Simple random sampling technique was employed to select two hundred fifty respondents from the total population employees of Private universities and Higher education institutes. The sample size was determined by the formula suggested by Mugenda and Mugenda (2003).

Measures

The items used in the study were performance appraisal system scale. This scale was used to measure performance appraisal. The scale was developed and validated by Bekele et al., (2014). It is a Likert type scale anchored on 5-point rating scale. Its response format ranges from “strongly agree” (5) to “strongly disagree” (1). The performance appraisal scale consists of twelve (10). Employee Performance Scale: This scale was used to assess employees’ perceived levels of performance. The scale was developed and validated by William and Anderson (1991). It is a Likert type scale anchored on 5-point rating scale. Its response format ranges from “strongly agree” (5) to “strongly disagree” (1).

Table 1. Performance Appraisal System Scale

Scale	No of Items	Meaning Bartlett	KMO	Eigenvalue of the principal component	% of the variance	Cronbach's alpha (α)
Performance appraisal Questionnaire	10	p = .000 (significant)	0.775	3.072	71.78%	0.79
Employee's performance Questionnaire	12	p = .000 (significant)	0.812	3.588	73.03%	0.81

Data Analysis

Level of Awareness Regarding Performance Appraisal in Private Universities and Higher Education Institutes in Afghanistan

The findings presented in Table 2 indicate that a significant number of respondents (38.4%) acknowledged a very high level of awareness regarding performance appraisal in private universities and higher education institutes in Afghanistan. Additionally, 28% of the participants agreed that the level of awareness is high, while 18% considered it to be low, and 15.6% perceived it as very low. These results suggest that a majority of the staff members are aware of the existence of a performance appraisal system within their respective organizations.

Table 2. Awareness of Performance Appraisal System Among the Employees

Level of Awareness	Frequency	Percentage
Very High	96	38.4
High	70	28
Low Very	45	18
Low	39	15.6
Total	100	250

Level of Perceived Performance Appraisal Among the Staff of Private Universities and Higher Education in Afghanistan

Table 3 presents the results of the survey, indicating the perceptions of the respondents regarding the level of performance appraisal in Private Universities and Higher Education in Afghanistan. The findings show that a majority of the participants (50.4%) considered the level of performance appraisal to be manageable. Moreover, 37.6% of the respondents regarded it as outstanding, while only 12% believed it fell below expectations. These results highlight that the majority of the respondents perceived the performance appraisal system to be at a manageable level.

This suggests that the management of Private Universities and Higher Education in Afghanistan should focus on enhancing employee motivation to ensure greater satisfaction with the performance appraisal system. Boswell and Boudreau (2002) emphasize the importance of motivating employees through promotions, salary increases, constructive feedback, and career advancement to achieve a satisfactory performance appraisal system. Similarly, Muhammad and Suraya (2013) note the significance of using the performance appraisal system as a tool for employee development and rewarding employees through bonuses, promotions, and salary raises, as observed in various companies. Another study by Bekele et al. (2014) supports these findings and underscores

the importance of building trust among employees, creating organizational plans for employee career development, and providing opportunities for employees to suggest process improvements to foster an outstanding performance appraisal experience.

Table 3. Level of Perceived Performance Appraisal

Level of Job Satisfaction	Frequency	Percentage
Out standing	94	37.6
Manageable	126	50.4
Below Expectation	30	12
Total	250	100

Level of Perceived Employee’s Performance among the Staff of Private Universities and Higher Education in Afghanistan

The findings in Table 4 indicate that a significant proportion of respondents (56%) perceived their job performance level as outstanding, while 38.8% considered it to be manageable. Only 5.2% of the respondents believed that their performance fell below expectations. These results suggest that the majority of the participants demonstrated an outstanding level of job performance. This underscores the direct correlation between the performance appraisal system and employee performance.

Table 4. Level of Employee’s Performance

Level of Job Performance	Frequency	Percentage
Out standing	140	56
Manageable	97	38.8
Below Expectation	13	5.2
Total	250	100

Problems to Effective Performance Appraisal System in Private Universities and Higher Education in Afghanistan

Table 5 reveals a grand mean of 3.1, surpassing the criterion mean of 3. This indicates that the respondents acknowledged the mentioned items as challenges encountered in performance appraisal, with the exception of the lack of skills and knowledge among supervisors. The grand mean of 3.1 signifies a notable level of acceptance regarding these challenges in the context of performance appraisal in private universities and higher education in Afghanistan. Notably, the results highlight that the most significant challenge in performance appraisal is the inability to provide timely feedback within these institutions.

Table 5. Mean Response Scores on the Problems Hindering Effectiveness of Appraisal System in Private Universities and Higher Education in Afghanistan

Statement	Observation	Mean	Remark
Lack of skills and knowledge of the supervisors	250	2.8	Rejected
Favoritism and bias of the supervisors	250	3.4	Accepted
Not strict with the appraisal outcome	250	2.9	Accepted
Lack of continuous documentation	250	3.1	Accepted
Problem of effective communication	250	2.9	Accepted
Inability to provide on time feedback	250	3.6	Accepted
Non-rewarding of hard work or overtime	250	3.1	Accepted
Lack of objectivity during appraisal	250	3.5	Accepted
Grand Mean		3.16	

Testing of Hypothesis

H1: Employee performance is significantly influenced by performance appraisal.

H01: Employee performance has no significantly influenced by performance appraisal.

Impact of Performance Appraisal on Employee's Performance

The regression model results presented in Table 6 reveal important findings. The regression coefficient values indicate an R-value of 0.362, R-squared value of 0.131, and adjusted R-squared value of 0.127. The model F-value of 39.557 and a significance level of $P=0.000$ suggest that the model is statistically significant at a 1% level. Performance appraisal accounts for 13.1% of the variance in employee performance, while the remaining 76.9% could be attributed to the influence of other factors. This indicates that the prediction of employee performance using the performance appraisal variable is not merely due to chance.

Examining the beta coefficients in Table 6, the constant has a beta value of 2.647, while the performance appraisal variable has a beta value of 0.398. The t-value of 6.289 and the p-value of 0.000 indicate that the model is significant at a 1% level. Therefore, the beta coefficient of 0.398 implies that a one-unit increase in performance appraisal is associated with a 39.85% increase in employee performance. This suggests that performance appraisal serves as a strong predictor of employee performance.

The results align with the findings of Youngcourt, Leiva, and Jones (2007), who emphasize the valuable contributions of performance appraisal in terms of individual and organizational development, career advancement, professionalism, and improved business operations. Similarly, Bekele et al. (2014) discovered a positive and significant relationship between performance appraisal and employee performance. Muhammad and Suraya (2013) also affirm the importance of performance appraisal as a tool of human resource management that influences employee performance. Additionally, Meysen et al. (2012), Maimona (2011), and Behery and Patron (2008) support the idea that performance appraisal is an alternative paradigm for assessing employee performance.

Therefore, the null hypothesis, suggesting no significant impact of performance appraisal on employee performance, is rejected, while the alternative hypothesis, stating that performance appraisal has a significant impact on employee performance, is accepted.

Table 6. Regression Result of Performance Appraisal and Employee’s Performance

Model	R	R Square	Adjusted Square	R	std. Error of the Estimate	Durbin-Watson
1	.362a	.131	.127		.56961	1.936
Model	Sum of Squares	Df	Mean Square	F	Sig.	
Regression	85.332	1	12.834	39.557	.000b	
1 Residual	12.834	263	.324			
Total	98.166	264				
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
(Constant)	2.647	.283		9.366	.000	
1 Performance Appraisal	.398	.063	.362	6.289	.000	

DISCUSSION

This study aims to investigate the influence of performance appraisal on employee performance. It specifically examines the level of awareness regarding the existence of performance appraisal, evaluates the impact of performance appraisal on employee performance, and identifies challenges associated with the effectiveness of performance appraisal systems in private universities and higher education institutes. The findings indicate a high level of awareness among staff regarding performance appraisal, and demonstrate that the performance appraisal system has a significant impact on employee performance. Moreover, the results highlight the challenge of delayed feedback provision in the context of performance appraisal within private universities and higher education institutes.

CONCLUSION

The findings of this study indicate that the staff members exhibit a high level of awareness regarding performance appraisal, and the performance appraisal system significantly contributes to the high performance of employees in private universities and higher education institutes of Afghanistan. However, the study also identifies several major shortcomings of the performance appraisal system within these institutions. These include the inability to provide timely feedback, lack of objectivity during the appraisal process, instances of favoritism and bias by supervisors, failure to adequately reward hard work or overtime, lack of strict adherence to appraisal outcomes, and insufficient documentation practices. Addressing these issues is crucial for improving the effectiveness of the performance appraisal system in private universities and higher education institutes in Afghanistan.

FURTHER STUDY

This research still has limitations, so further research needs to be carried out regarding the topic of the Influence of the Work Environment on Employee Job Satisfaction. to perfect this research and increase insight for readers.

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