Performance Appraisal and Its Effects on Employees Motivation: A Case Study of Afghan Wireless Communications Company in Kabul

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Abstract: In current highly competitive environment in organizations, where managing the workforce has gained a lot of attention and importance, where different companies and organizations are achieving not only competitive advantage but also high quality, cost effective product lines, customer and investor satisfaction as well. One of the essential aspects of workforce management is performance appraisal which is not only used for appraisal purposes solely but, also for compensation, promotion, training determination by the management in current modern organizations. In this paper the researcher analyzed the impact of performance appraisal on employee’s motivation in Afghan wireless communications company in Kabul. Afghan wireless telecommunication company which is one first and amongst biggest telecommunication services provider throughout Afghanistan with a large number of employees was selected for the purpose of this case study. Since, it’s a quantitative research study a questionnaire containing 25 questions was distributed amongst the employees of Afghan wireless communications company, to which 91 of the employees replied. As a result of the findings of the primary and secondary data the researcher concluded that performance appraisal and motivation has correlation amongst them and it was not only performance appraisal that impacted the motivation of employees in Afghan wireless communications company but Satisfaction with appraisal system, Financial rewards, Decision making authority, and regular training was also among the factors that impacted the motivation.

Keywords: Performance appraisal, Motivation, Telecommunications, Training, Financial Rewards

1. Introduction

Managing people in an organization has gained much importance over the course of time, as if looked around from multi-billion organizations to small scale production firms each has a separate department (HRM) which is concerned with managing the work force in the organization. In the 21st century organizational setup, the human resources management is considered to be the backbone behind the success of an organization. Amongst other important functions the human resources department is trusted to have a close eye on the workforce contribution to the achievement of the objectives and goals of the organization, which is achieved through Performance appraisal.

As according to [1], [2], PA is amongst the most contemplated practices of workforce management. [3], points that performance appraisal now covers a variety of activities where it’s not only merely used as a tool to assess the employees performance by the manager and then provided with a yearly report on his performance, but in the modern organizations its used in the assessment, competence developing, performance enhancement and distribution of rewards and most importantly a good means of workforce motivation.

While on the other hand, for an organization to achieve its goals and objectives a well-motivated pool of labours is considered to be the key. Motivated personnel respond effectively to the goals of an organization and directs his/her efforts towards attainment of those goals, where an unmotivated workforce can sometimes be a blockade for a company to achieve its vision and mission and to surpass any obstacle which the company might face. [4]

Over the past decades, both performance appraisal and motivation are one of the most researched phenomena among the researchers, and many researchers over the course of time have tried to indicate the relationship amongst them. In order to elaborate further the relation amongst the motivation and PA, this case study is intended to elaborate the effects of performance appraisal on motivation through a Kabul, Afghanistan based Telecommunication company, Afghan wireless communications company.

Currently there are five telecommunication service providers operating in Afghanistan which includes Roshan, Etisalat, MTN, Salaam and AWCC. Combinedly they provide services to about 19 million phone users in Afghanistan. [5] AWCC is one of the first GSM companies in Kabul, Afghanistan which got its license to start their operations from Ministry of Telecommunications and I.T and was inaugurated in 2002 and made its first call on 26th April 2002 by the former Afghan President “Hamid Karzai”. Currently Afghan wireless network is amongst the top telecommunications companies operating in Afghanistan and offers many telecommunication services along with 3g and 4g services covering most of the provinces and territory.

2. Literature Review

In this section, we will review literature by classifying them according to historical evolution of performance appraisal framework. First, I am going to look at early development of the literature and will focus on merit-based studies along with focusing on different procedures that are used for performance appraisal and its advantages. Secondly, I will look at motivation literature along with some of motivational theories which were developed over the course of time by different researchers. Since, this type of literature
is useful for my purpose in this thesis. Thirdly I will look at different practices of performance appraisal and its relation to motivation over time conducted and researched by different researcher, which will help me develop a great inside idea of the areas that were studied and help me develop an insight.

From an individual perspective performance appraisal is assumed to have as much importance to an individual as much as it has to an organization. As accomplishing tasks and performing above average level can be a source of satisfaction and pride, but on the other hand failing to do so can result in personal and organizational failure. [6] [7], puts spotlight to the organizational perspective of PA to which they add that, in the current changed business environment, where the economy and industries are open to global competition and are driven by customers. Industries recognized that improving the efficiency of the workforce as a tool to organizational success.

A study by [8], states that when appraisal system in an organization assesses the employees fairly throughout the year, the workers are well motivated in the workspace.

[9], describes PA, as a contrast between the employee’s past and present performance to the performance criteria of such employee. Moreover, [10], adds that PA is an assessment process to assess the performance of workforce and to assess new means of their performance improvements which ultimately donates in general to the organizational performance. [11], mentions that PA is the organized assessment of workforce that is related to the employees work and performance advancement.

In the bellow given tables different forms of performance appraisal which are being applied in different organizations are evaluated, explaining their usage along with the advantages and disadvantages of each one.

<table>
<thead>
<tr>
<th>Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Ranking Method             | Used to rate the workers from best to worst, based on specified attributes | • Quick  
• Mostly Transparent  
• Cost Effective  
• Easy to Conduct  
• Less objective oriented  
• Reasonable for small firms  
• Ineffective to evaluate the strengths and weaknesses of workforce |
| Graphic Rating Scales      | Employees are evaluated through a pre-set range of traits and performance scale, and then scored through their performance for each trait. | • Simple  
• Standardized method to compare employees’ performances  
• Effective in reducing personal bias  
• It is more subjective  
• All the employees must possess the same set of characteristics. |
| Critical Incident          | Evaluating past records of certain on the job behaviors | • Based on employee’s direct feedback  
• Requires too much time to analyze the behavior of each employee  |

| Narrative Essays | In such method an employee’s past performance reports, strengths, weaknesses, suggestions for improvement are provided by the evaluator in form of essay | Employee are provided with detailed information about their performance Feedback is provided to improve performance |
| Management by Objectives | Evaluation of employees are done through a set of pre-determined objective set by the evaluator and are ranked based on their achievement of those objectives | Employee are motivated to perform their best in achieving certain objectives  
Provides a certain mechanism of measuring the performance of each employee |
| Behaviorally Anchored Rating Scale | The technique that contains prearranged rating zones or rating module zones through which the employee is rated as per his or her performance or behavior through numerical scale. | Describes an employee’s performance in a clear manner  
More objective |
| Assessment Centers | The collection of workers actual performance data on a given task to measure their capabilities over a period of two or three days | It is mostly performance oriented rather than result oriented  
Requires too much time  
A specific rating scale must be created for each job performance |

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**Table 2.1: Techniques of Performance Appraisal**

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She further adds that when there is an increase in employee training, a negative feedback should be dealt with a positive manner. Providing positive feedback about employees the ones with positive feedback has to be identified in order to motivate them. They further add that to attain the better performance in Turkish forest products industry, the appraisal must be explained very clearly to the employees. The above given table elaborates different methods of performance appraisal that are usually adopted in different industries and organizations to evaluate the employees.

The following study focuses on the impact and effects of PA (Performance Appraisal) on employee motivation in Afghan Wireless Communication Company. As different forms and advantages of performance appraisal and its relationship with motivation in several other areas were discussed in literature review based on those stated relations, this study will focus on performance appraisal and its relationship with motivation in a telecommunication company. Since, telecommunication is fast growing business not only in Kabul but all over the world, with a large number of people associated with it directly or indirectly. It is of such great significance to know the motivation factor behind its employees.

### 3.1 Scope of the Study

The following study focuses on the impact and effects of PA on employee motivation in AWCC employees in Kabul. Afghan wireless communication company was chosen for the purpose of this study because it’s amongst the largest cellular service providers in Afghanistan, and for the purpose of this study 100 questionnaire which was selected through random sampling was used. Which included mostly all level of employees in the AWCC including first line and middle managers.

### 3.2 Sample

This study focuses on the effects of performance appraisal on employee motivation on AWCC employees in Kabul. 

### 3.3 Instruments and Measures

In order to measure the impact of performance appraisal on employee motivation and performance, a questionnaire-based on Likert’s, Five-point Likert scale was adopted. Respondents was requested to mention their responses with each item ranging from strongly disagree to strongly agree.

#### 3.3.1 Data analysis tools

- In this research descriptive analysis is used. Descriptive analysis provides simple summaries regarding the sample. Descriptive analysis basically describes what is or what the data shows [17]. In multiple linear regressions analysis, the connection between the dependent variable (Motivation) and the independent variables which are identified as (Rewards Awarded, Trainings, Performance Appraisal (PA), Satisfaction with Appraisal, Decision Making Authority, Work Environment) are being tested.
- To evaluate our information (SPSS) is used for analyzing data. SPSS which is the short form of Statistical Package for the Social Sciences, is currently widely used by researchers for the purpose of analyzing the statistical data, which is trusted in providing accurate results and analysis.

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**Table 1: Performance Appraisal Methods**

<table>
<thead>
<tr>
<th>Grade of Appraisal</th>
<th>Description</th>
<th>Merits</th>
<th>Demerits</th>
</tr>
</thead>
<tbody>
<tr>
<td>360 Degree Appraisal</td>
<td>In 360-degree appraisal method, Superior appraisal, Subordinate appraisal, Peer rating appraisal are included</td>
<td>A great tool to increase the employee performance potential, Provides reliability and accuracy, More credible</td>
<td>Can be very costly, Can demoralize the employee if provided with negative feedback, May be difficult to keep the confidentiality of the appraisal</td>
</tr>
<tr>
<td>720 Degree Appraisal</td>
<td>It is a modern and enhanced version of appraisal which is used to appraise the performance of upper level management and employees, that includes the views of customers, investors, suppliers and any other party</td>
<td>Feedback from all the involved parties with the organization, A good tool to improve overall organizational performance, Better customer feedback</td>
<td>Requires some specific training to evaluators, Time consuming and costly, Require too much paperwork</td>
</tr>
</tbody>
</table>

Source: [12]
4. Data Analysis and Discussion

Initially, the primary data was collected with the help of a questionnaire to which 92 employees from the Afghan wireless communications company responded. As per data collected from the AWCC employees it describes that about 75 which equals to (81.5%) of the total respondents were Male and only 17 (18.5%) were females. Additionally, Majority of the respondents were between the age group of 25-35 years. Furthermore, the results indicated that most of the respondents 65 (71%) had a bachelor’s degree.

4.1 Correlation Coefficient Analysis

Basically, correlation coefficient enables us to quantify the relationship among the variables or it indicates the strength of relation amongst dependent and independent variables. The letter (r) denotes the correlation and it can assume a value between +1 and -1. In which, +1 represents a strong positive relation and -1 represents a strong negative relation amongst (X and Y). 0 indicates no relation between dependent and independent variable(s). [18], Based, on the nature of the Hypotheses developed to be examined and the primary data collected through questionnaire the researcher has identified the independent variables as Rewards Awarded, Trainings, Performance Appraisal (PA), Satisfaction with Appraisal, Decision Making Authority, Work Environment. And the dependent variable is Motivation.

Table 4.1: Pearson Correlation

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards Awarded</td>
<td>0.473**</td>
</tr>
<tr>
<td>Trainings</td>
<td>0.455**</td>
</tr>
<tr>
<td>Performance Appraisal (PA)</td>
<td>0.348**</td>
</tr>
<tr>
<td>Satisfaction with Appraisal</td>
<td>0.332**</td>
</tr>
<tr>
<td>Decision Making Authority</td>
<td>0.315**</td>
</tr>
<tr>
<td>Work Environment</td>
<td>0.275**</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

As elaborated in the table 4.2 the researcher has identified six independent variables (Rewards Awarded, Trainings, Performance Appraisal (PA), Satisfaction with Appraisal, Decision Making Authority, Work Environment), to find its relationship with the dependent variable which is Motivation.

The results as indicated above elaborates that all the independent variables of the research study have shown to have an average positive relation with the dependent variable of the study.

Where, as it is indicated that rewards awarded at (0.473) amongst the employees of AWCC had a decent positive relation with motivation, in addition, trainings provided (0.455) to the employees also had a decent relation with the level of motivation. Moreover, Performance appraisal at (0.348) also had a fair positive relationship with motivation. Furthermore, satisfaction with appraisal at (0.332) showed to have an average relation. And decision-making authority at (0.315) also showed to have a positive relation and at the end work environment at (0.275) had lesser positive relation amongst other independent variables with motivation according to the employees of AWCC.

4.2 Regression Analysis of Data

After analyzing the correlation of the data of this research study, the researcher has further analyzed the data using Regression Analysis via SPSS.

Regression analysis is a statistical procedure used to estimate the relation between the variables which tend to have a reason and result or cause and effect relation. And furthermore, it formulates the linear relation equation between the dependent and independent variable. [19].

The linear regression model executed through SPSS to find whether the selected independent variables had an effect with motivation. The results as indicated in table 4.28 model summary table of regression analysis shows value of R and R square. In R column the value of which is at 0.748 represents the simple correlation at 74.8% which is very high, and our model predicts the (Y) Motivation rather precisely.

Table 4.2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.748*</td>
<td>.559</td>
<td>.528</td>
<td>.426</td>
<td>2.190</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Decision Making Authority, Performance Appraisal (PA), Work Environment, Satisfaction with appraisal, Rewards2, Trainings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: Motivation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Furthermore, by looking at the table 4.3 of ANOVA below where the value of (Sig.) which is also denoted with (P) is shown as (0.000) and generally, if the value of sig. or p is smaller than 0.05 it accepted to be statistically significant. Therefore, as shown in the table below sig.0.000, p > 0.05 and we can claim that our model is statistically significant.

Table 4.3: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>19.503</td>
<td>6</td>
<td>3.250</td>
<td>17.942</td>
<td>000*</td>
</tr>
<tr>
<td>Residual</td>
<td>15.399</td>
<td>85</td>
<td>.181</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34.902</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dependent Variable: Motivation</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Furthermore, based on the final table 4.4 in regression analysis, we can see the result of statistically level of significance for each independent variable separately. As it is elaborated in the column Sig. the value of P is less than 0.05 in decision making authority at 0.002 and rewards with Sig. 0.000 so, we can add that decision-making authority and rewards awarded to employees contributes statistically significantly to motivation. While on the other hand performance appraisal with P value of 0.9, satisfaction with appraisal at 0.025, trainings with Sig. of 0.065 and work environment with Sig. or P value of 0.249 which are all more than P >0.05 does not statistically significantly contribute to motivation.
be conducted frequently.

them so besides other factors to have a motivated workforce

trainings and career development opportunities provided to

through trainings is also an important factor in

rewarded not only morally but also financially.

objectives that are given to them b

be said that the workers preforming well or achieving the

employees of AWCC

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idea as

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Financial Rewards

in the organization.

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4.2 Research Findings

According to the findings of the primary data, although the

performance appraisal showed to impact the motivation but

Decision Making Authority

besides other factors that impacts motivation level of

employees, through this research it has been found that giving the employees a sense of authority in decision making process is also found to be effective tool of motivation, as majority of employees (72.8%) of the total respondents agreed that employees who are given authority in decision making process are positively motivated

furthermore the results of Pearson correlation indicated a positive relation between decision making authority and motivation in this research study.

So, it can be concluded that, PA can be an effective tool to motivate employees unless a fair appraisal system is developed in the organization to appraise the employees and then deliver the results of appraisal in a professional manner to the employees. Also, other factors such as rewards, training and employee development, giving authority to employees in decision making and work environment are all crucial factors in developing a motivated workforce.

5. Conclusion & Recommendations

In this final chapter of the study, which implicates a summary of the study, in addition, following chapter points out the recommendation and a framework for further future studies on this topic. Performance appraisal and motivation has become an important force for a workplace for successful achievement of its goals and objectives more effectively and efficiently. Having noticed this importance, the researcher tried to evaluate the effects of PA on employee’s motivation in Afghan Wireless telecommunication Company in Kabul. Telecommunication sector was chosen for the purpose of the study because it is not only a fast growing industrial and service provider sector in Kabul, Afghanistan but, throughout the world.

Afghan wireless telecommunication company, which is a leading telecommunication service provider In Afghanistan, with a large number of employees was chosen as the primary source for this study. And for the purpose of the study the researcher distributed questionnaire amongst the employees of Human resources management, administrative and customer care departments, to which 92 employees of the respective departments responded.

The primary data collected through questionnaire demonstrated that most of the respondents were Male (81.5%), while on the hand, majority of the respondents included young manpower who were between the age group of 25-35.

The collected responses also indicted most of the respondents had bachelor’s degree which is about 71% of the total respondents. While, majority of the respondents 47% had a monthly income of 30001-60000 Afghans.
Furthermore, for the reliability and validity test of the questionnaire the Cronbach’s test was applied using SPSS (v25), the result of which indicated a value of (.88) which indicates a very high reliability of the questionnaire.

Additionally, to quantify the relationship or the strength among the dependent variable (Motivation), and the independent variables (Performance appraisal, Rewards Awarded, Trainings, Satisfaction with Appraisal, Decision Making Authority and Work Environment), the researcher has applied the Pearson correlation coefficient, also referred to as Pearson’s r, using SPSS. The results indicated that all the independent variables of the study have shown to have an average positive relation with the dependent variable of the study. Furthermore, Regression Data analysis was applied, the linear regression model executed through SPSS was used to find whether the selected independent variables had an effect on motivation and to test the Hypothesis selected for this study. The results indicated the R value of 0.748 or 74.8% which is very high also the Sig value selected for this study. The results concluded that our model predicted the (Y) Motivation rather precisely.

5.1. Recommendations

After conducting the survey, analyzing it and having studied the initial data regarding the Performance appraisal and its effect on Motivation, the researched has refined the following recommendations!

- As according to research findings, although the performance appraisal was statistically significant but, the null hypothesis testing indicated that it has no relation with the motivation level of employees of AWCC. So, the researcher recommends that the organization should pay utmost attention in developing a PA system which can become a good source for the motivation of the employees of AWCC and furthermore, identify the good performing workers and identify those the needs further training to match up with the organization overall requirements.

- The findings of the survey also indicated that the employees who were given authority in decision making process were positively motivated. Which implicates that the views of employees regarding certain important organizational decisions should not be neglected, and a proper system should be developed so that employees can express their views regarding certain decision process, which will in return give them a sense of responsibility toward their organization and also increase their motivation towards their job in the company.

- It has also been indicated in the study that financial rewards plays a crucial part overall motivation of the workforce. So, to motivate the employees in the organization the ones who outperform others in the organization and achieve the goals and targets assigned to them more effectively should be awarded financially as a bonus or salary rise, it will not only affect the person who is at the receiving end but also the other employees in the organization who lacks motivation.

- Trainings and development also proved to be an important determinant of motivation in this study. Thus, the researcher recommends that organization should evaluate and identify the ones who needs further training and development, and also conduct regular training programs for the employees of the organization, which in return give the employees a sense of their skill being developed further and thus resulting in their motivation towards their work and organization.

- Finally, the researcher recommends that Afghan wireless telecommunication company should conduct the performance appraisal for their employees regularly since it plays a vital part in their motivation. Along with performance appraisal the company should also consider the factors such as, the work environment, financial reward system, training and development opportunities and the satisfaction of employees with the appraisal system for a motivated manpower in the organization.

References


