

Assessing Performance Appraisal Effectiveness at Da Afghanistan Bank: A Descriptive Analysis

¹Ansarullah Khishaki, ²Dr. Parameshwara Acharya, ³Niamatullah Achackzai

^{1,3}Research Scholar, ²Associate Professor, Commerce Department, Mangalore University, Karnataka, India

¹ansarullahkhishkai07@gmail.com, ²paramasiddhantha@gmail.com, ³n.achackzai@gmail.com

Abstract - This study investigates the efficacy of the performance appraisal system at Da Afghanistan Bank (DAB), focusing on its strengths, weaknesses, and overall impact. Emphasizing the crucial role of performance appraisal in the context of DAB's economic responsibilities, the research employs a descriptive design with a structured questionnaire administered to 75 employees. The study aims to evaluate the system's effectiveness, identify employed techniques, gauge employee opinions, and propose recommendations.

Findings reveal a generally positive perception among employees, acknowledging the importance of performance appraisal for future performance enhancement and organizational goal attainment. Areas for improvement are identified where respondents express neutrality or disagreement. Recommendations include improving communication, reinforcing the appraisal's importance, enhancing feedback mechanisms, addressing negative perceptions, emphasizing training opportunities, strengthening counseling services, regularly reviewing practices, and encouraging employee involvement in goal setting.

This research contributes practical insights for refining the performance appraisal system at DAB, offering recommendations tailored to the institution's unique context. The findings hold relevance for informing policy decisions within DAB and contributing to the broader discourse on human resource management in developing economies.

Keywords: Performance Appraisal, Da Afghanistan Bank, Human Resource Management, Employee Perception, Organizational Effectiveness

I. INTRODUCTION

Armstrong (2001) states that the fairness and accuracy of performance ratings constitute a major field of research in human resource management. Performance can be measured through performance evaluation. Finding out why things are going well as well as where they are not according to plan is the aim of performance evaluation, allowing for the creation of strategies to build on successes. Setting objectives and standards for future work performance is the goal of the performance appraisal, which also serves to assess and summarise previous performance. It's a process for methodically assessing performance and providing feedback so that adjustments to performance can be made.

According to Cash (1993), an employee views a performance review as having four functions: providing guidance, assisting with improvement, and rewarding good performance.

As a result, performance appraisal is an essential human resources task that provides management with a systematic framework for determining and evaluating the potential and

present capabilities of human resources. Performance evaluation must be a continuous procedure. Managers must regularly evaluate how well their staff members accomplish a variety of tasks. Employee assessments should be carried out at a minimum once a year to increase efficiency, productivity, and morale.

1.1 The Importance of Performance Appraisal in Da Afghanistan Bank

Da Afghanistan Bank (DAB), the central bank of Afghanistan, plays a pivotal role in the nation's economic stability and development. As the guardian of monetary policy and the regulator of financial institutions, DAB's effectiveness is crucial in shaping the trajectory of Afghanistan's financial landscape. One key aspect that contributes significantly to the performance and efficiency of any institution, including central banks, is the implementation of a robust performance appraisal system. The evaluation and enhancement of human resources within DAB are imperative to ensure the attainment of

organizational objectives and the overall economic well-being of the nation.

Performance appraisal, as a management tool, is vital in providing feedback, fostering professional growth, and aligning individual contributions with organizational goals. In the context of Da Afghanistan Bank, understanding the effectiveness of the current performance appraisal measures becomes paramount for several reasons. Firstly, the unique challenges and opportunities within Afghanistan's economic landscape necessitate a workforce that is not only proficient but also adaptable to dynamic conditions. Secondly, a well-structured performance appraisal system can catalyze employee motivation and commitment, contributing to a culture of excellence within the central bank.

This research aims to delve into the intricacies of the performance appraisal system at Da Afghanistan Bank, evaluating its strengths, weaknesses, and overall effectiveness. By scrutinizing the existing framework, we seek to identify areas of improvement and propose recommendations that align with the bank's mission and objectives. Through a systematic analysis, this study contributes valuable insights to the existing body of knowledge on performance appraisal in central banking institutions, with a specific focus on the Afghan context.

As we navigate through this exploration, the ultimate goal is to shed light on how the performance appraisal measures at Da Afghanistan Bank can be refined to optimize employee performance, foster a culture of continuous improvement, and ultimately bolster the central bank's pivotal role in Afghanistan's economic development. The findings of this research hold the potential to inform policy decisions within DAB and contribute to the broader discourse on human resource management within central banking institutions in developing economies.

II. LITERATURE REVIEW

Performance appraisal is a critical organizational process designed to assess and evaluate employees' job performance within an organization. It serves various purposes, including providing feedback, identifying training needs, facilitating decision-making regarding promotions or rewards, and aligning individual goals with organizational objectives. The effectiveness of performance appraisal measures is crucial for organizational success, particularly in institutions like Da Afghanistan Bank (DAB), where performance directly impacts financial stability and regulatory compliance.

Performance appraisal is a systematic process of evaluating individual or team performance against predetermined criteria or standards to assess achievements, strengths, weaknesses, and areas for improvement (Werner & DeSimone, 2019).

Performance appraisal refers to the formal assessment of an employee's job performance based on predetermined criteria

and standards, typically conducted by a supervisor or manager within an organization (Robbins & Judge, 2017).

Performance appraisal is a structured evaluation process aimed at assessing employees' job performance, providing feedback, identifying training needs, and making decisions related to promotions, rewards, and career development (Noe et al., 2019).

Purpose of Performance Appraisal: Performance appraisal serves multiple purposes within organizations. One primary purpose is to provide feedback to employees regarding their job performance. According to Lepak and Gowan (2010), feedback is essential for employee development and motivation. By receiving constructive feedback, employees can identify areas for improvement and take necessary actions to enhance their performance. Moreover, performance appraisal aids in identifying training needs, facilitating career development, and aligning individual goals with organizational objectives (Shields, 2007).

Process of Performance Appraisal: The process of performance appraisal typically involves several stages, including goal setting, performance monitoring, feedback provision, and performance evaluation (DeNisi & Murphy, 2017). Goal setting is crucial as it establishes clear expectations for employees and provides a benchmark for evaluating performance. Performance monitoring involves continuous tracking of employees' job performance against set goals and standards. Feedback provision is essential for enhancing employee performance and addressing any performance deficiencies. Finally, performance evaluation involves formally assessing employees' performance based on predetermined criteria (DeNisi & Murphy, 2017).

Methods of Performance Appraisal: Various methods are used for performance appraisal, each with its advantages and limitations. Common methods include graphic rating scales, behaviorally anchored rating scales (BARS), 360-degree feedback, and management by objectives (MBO) (Landy & Farr, 1980).

1. Graphic Rating Scales: Graphic rating scales involve the use of predetermined criteria or dimensions to assess employees' performance. Employees are typically rated on a numerical scale based on their performance on each criterion.

According to Pulakos et al. (2005), graphic rating scales are one of the most commonly used methods of performance appraisal due to their simplicity and ease of administration. However, they note that these scales may lack specificity and may not effectively differentiate between levels of performance.

2. Behaviorally Anchored Rating Scales (BARS): Behaviorally Anchored Rating Scales (BARS) combine elements of qualitative and quantitative assessment by linking specific behaviors to performance ratings.

As highlighted by Smith and Kendall (1963), BARS provides a more concrete and behaviorally anchored framework for evaluating performance compared to traditional rating scales. By focusing on observable behaviors, BARS can enhance the accuracy and reliability of performance appraisals.

3. 360-Degree Feedback: 360-degree feedback involves gathering feedback from multiple sources, including supervisors, peers, subordinates, and sometimes even external stakeholders, to provide a comprehensive evaluation of an employee's performance.

According to London and Smither (1995), 360-degree feedback offers a broader perspective on an employee's performance by incorporating diverse viewpoints. This method allows for a more holistic assessment of an individual's strengths and areas for development, contributing to more effective performance appraisals.

4. Management by Objectives (MBO): Management by Objectives (MBO) is a performance appraisal method that emphasizes goal setting and achievement. In MBO, managers and employees collaboratively set specific, measurable, achievable, relevant, and time-bound (SMART) objectives aligned with organizational goals.

As noted by Armstrong (2012), MBO focuses on outcomes rather than on specific behaviors or traits, making it an effective method for aligning individual performance with organizational objectives. By setting clear and measurable goals, MBO facilitates performance evaluation and development.

Incorporating a combination of methods allows organizations to leverage the strengths of each approach while mitigating the limitations inherent in any single method. By utilizing a variety of appraisal methods, organizations can enhance the validity, reliability, and fairness of their performance appraisal process, ultimately leading to more accurate evaluations and informed decision-making regarding employee development and rewards.

III. STATEMENT OF THE PROBLEM

The performance appraisal system within Da Afghanistan Bank (DAB) is a critical component of its organizational structure, influencing the professional growth and effectiveness of its workforce. However, there exists a pressing need to assess and understand the current state of the performance appraisal measures in place. Despite the acknowledged significance of employee evaluation, there is a dearth of empirical insights into the perceptions of DAB employees regarding the effectiveness of the existing performance appraisal system.

The lack of empirical understanding regarding the effectiveness of the current performance appraisal system at Da Afghanistan Bank poses a significant challenge to organizational development and employee management

strategies. This study seeks to address this gap by investigating employee perceptions of the existing appraisal measures, thereby facilitating informed decision-making for enhancing organizational performance and employee satisfaction.

IV. OBJECTIVES

1. To study the effectiveness of the performance appraisal system adopted by Da Afghanistan Bank.
2. To know the opinion of employees about the system of performance appraisal.
3. To provide appropriate suggestions and recommendations, if any, to the management.

V. RESEARCH METHODOLOGY

This study employs a descriptive research design to systematically investigate the effectiveness of performance appraisal measures at Da Afghanistan Bank. The target population consists of employees of the bank, and a convenient sampling approach is adopted to select participants.

The convenient sampling approach was chosen due to practical constraints, allowing for a manageable selection process within the organizational context of Da Afghanistan Bank. This method facilitates participant recruitment based on availability and willingness, ensuring a feasible data collection process. A total of 75 employees were invited to participate in the survey, selected based on their availability and willingness.

A structured questionnaire serves as the primary instrument for data collection; the key variables under investigation include employee perceptions of performance appraisal effectiveness. Likert-scale questions will be used to measure these variables, with responses ranging from strongly agree to strongly disagree.

Additionally, descriptive statistics have been employed to measure the mean values of the collected data. This statistical technique provides a comprehensive summary of the central tendencies of participants' responses, offering valuable insights into the overall perceptions and effectiveness of performance appraisal measures at Da Afghanistan Bank. Through the analysis of mean values, this study aims to elucidate patterns and trends in employee perceptions, contributing to a deeper understanding of the effectiveness of performance appraisal systems within the organization.

VI. DATA ANALYSIS AND INTERPRETATION

The primary method employed in this research for data analysis is descriptive statistics. The focus is summarizing and presenting the collected data using quantitative measures, specifically percentages. This method allows for a straightforward and clear depiction of the distribution of responses to various questions in the questionnaire.

Table 6.1: Percentage Analysis Showing Demographic Characteristics

Demographic Variable	Category	Number of Respondents	Percentage
Gender	Male	75	100%
Department	Finance	30	40%
	I.T.	10	13%
	H.R.	10	13%
	Other	25	34%
Educational Attainment	Post Graduate	40	53%
	Undergraduate	20	27%
	Graduate	15	20%
Age Group	20 to 40 years	40	53%
	Over 40 years	35	47%

Table 6.1 Source: Primary Data

The table outlines key demographic characteristics of the 75 male respondents in a study on the effectiveness of performance appraisal at Da Afghanistan Bank. The majority of participants are from the Finance department, with I.T. and H.R. also represented. Educational backgrounds vary, with a predominant number having postgraduate qualifications. Regarding age, a significant portion falls in the 20 to 40 years range, while the rest are over 40 years old.

Table 6.2: Percentage Analysis for Close-Ended Questions (Yes/NO)

No	Particulars	Response	Number of Respondents	Percentage %
1	Whether the Performance Appraisal system gives a proper assessment of contribution to the organization	YES	45	60%
		NO	30	40%
2	Whether Performance Appraisal is important for the future enhanced performance	YES	70	93 %
		NO	5	7%
3	Whether employees are getting appropriate feedback after the Performance Appraisal	YES	55	73%
		NO	20	27%
4	Whether Performance Appraisal results in the attainment of organizational goal	YES	60	80
		NO	15	20

Table 6.2 Source: Primary Data

The majority of employees recognize the importance of Performance Appraisal for future performance enhancement and believe it contributes to the attainment of organizational goals. However, there are mixed perceptions about the system's effectiveness in providing a proper assessment of individual contributions and whether employees receive appropriate feedback. These findings highlight areas of strength and potential improvement within the Performance

Appraisal system, providing valuable insights for further analysis and action.

Table 6.3: Percentage Analysis for Likert Scale Questions

No	Particulars	Response	Number of Respondents	Percentage %
1	Level of satisfaction of employees with the prevailing Appraisal System in the organization	Strongly Agree	8	10.7
		Agree	37	49.3
		Neutral	15	20.0
		Disagree	15	20.0
		Strongly Disagree	0	0.0
2	Whether the prevailing appraisal system helps in identifying and rectifying deficiencies of employees or not	Strongly Agree	15	20.0
		Agree	37	49.3
		Neutral	15	20.0
		Disagree	7	9.3
3	Whether feedback given after the Performance Appraisal helps in improving their performance	Strongly Agree	15	20.0
		Agree	37	49.3
		Neutral	20	26.7
		Disagree	5	6.7
4	Agreement of employees on getting increments and promotions based on Performance review or not	Strongly Agree	40	53.3
		Agree	20	26.7
		Neutral	15	20.0
		Disagree	0	0.0
5	Agreement of employees regarding the effectiveness of the Performance Appraisal system in the organization	Strongly Agree	30	40.0
		Agree	20	26.7
		Neutral	15	20.0
		Disagree	7	9.3
6	Agreement of employees whether after the appraisal, the management is providing proper training to enhance the performance	Strongly Agree	30	40.0
		Agree	26	30.7
		Neutral	19	17.3
		Disagree	0	25.3
7	Agreement of employees regarding the improvement in	Strongly Agree	20	26.7
		Agree	35	46.7
		Neutral	20	26.7

8	their performance after appraisal	Disagree	0	0.0
		Strongly Disagree	0	0.0
	Whether management is providing counseling to employees or not	Strongly Agree	20	26.7
		Agree	30	40.0
		Neutral	22	29.3
		Disagree	3	4.0
		Strongly Disagree	0	0.0

Table 6.3

Source: Primary Data

The analysis of data suggests a generally positive perception among employees regarding the current Appraisal System, its effectiveness, and the associated benefits, such as identifying deficiencies, providing constructive feedback, and linking increments and promotions to performance. Additionally, there is an acknowledgment of the role of post-appraisal training and counseling in enhancing employee performance. However, areas of improvement may be explored in aspects where a notable percentage of respondents express neutrality or disagreement.

Table 6.4: Descriptive Statistics for Close-Ended Questions

	Valid	Missing	Mean	Std. Deviation
Whether the Performance Appraisal system gives a proper assessment of contribution to the organization	75	0	1.400	0.493
Whether Performance Appraisal is important for the future enhanced performance	75	0	1.067	0.251
Whether employees are getting appropriate feedback after the Performance Appraisal	75	0	1.267	0.445
Whether Performance Appraisal results in the attainment of organizational goal	75	0	1.200	0.403

Table 6.4

The mean values suggest that respondents perceive the Performance Appraisal system as providing a moderately proper assessment of their contribution to the organization ($M = 1.400$), considering it moderately important for future enhanced performance ($M = 1.067$), and receiving moderately appropriate feedback ($M = 1.267$). They also believe it moderately contributes to the attainment of organizational goals ($M = 1.200$). These findings indicate a generally positive but moderate level of satisfaction with Performance Appraisal effectiveness among respondents.

Table 6.5: Descriptive Statistics for Likert Scale Questions

	Valid	Missing	Mean	Std. Deviation
Level of satisfaction of employees with the prevailing Appraisal System in the organization	75	0	3.507	0.935
Whether the prevailing appraisal system helps in identifying and rectifying deficiencies of employees or not	75	0	3.773	0.924

Table 6.5: Descriptive Statistics for Likert Scale Questions

	Valid	Missing	Mean	Std. Deviation
Whether feedback given after the Performance Appraisal helps in improving their performance	75	0	3.800	1.230
Agreement of employees on getting increments and promotions based on Performance review or not	75	0	4.333	0.794
Agreement of employees regarding the effectiveness of the Performance Appraisal system in the organization	75	0	3.893	1.158
Agreement of employees whether after the appraisal, the management is providing proper training to enhance the performance	75	0	4.013	0.893
Agreement of employees regarding the improvement in their performance after appraisal	75	0	4.000	0.735
Whether management is providing counseling to employees or not	75	0	3.893	0.847

Table 6.5

The mean values indicate that employees, on average, exhibit a moderate level of satisfaction ($M = 3.507$) with the prevailing Appraisal System in the organization. They generally perceive the system as somewhat effective in identifying and rectifying deficiencies ($M = 3.773$) and believe that feedback provided after Performance Appraisal contributes moderately to performance improvement ($M = 3.800$). Furthermore, there is a strong agreement among employees regarding receiving increments and promotions based on Performance review ($M = 4.333$), suggesting a high level of endorsement for this aspect. Additionally, employees generally agree on the effectiveness of the Performance Appraisal system ($M = 3.893$) and the provision of proper training by management to enhance performance ($M = 4.013$). Moreover, there is agreement regarding the improvement in performance after appraisal ($M = 4.000$), indicating a positive perception among employees. Overall, the mean values reflect a generally positive sentiment towards various aspects of the Performance Appraisal system, with some areas receiving particularly strong endorsement.

VII. FINDINGS AND DISCUSSION

The key findings from the study are as follows:

- Table 6.1 provides an overview of the demographic characteristics of the 75 male respondents at Da Afghanistan Bank. The majority are from the Finance department, hold postgraduate qualifications, and are distributed across different age groups.
- 60% of respondents believe the Performance Appraisal system gives a proper assessment of their contribution to the organization.

- A significant majority, 93%, recognizes the importance of Performance Appraisal for future enhanced performance.
- 73% of respondents receive appropriate feedback after the Performance Appraisal.
- 80% of respondents believe Performance Appraisal results in the attainment of organizational goals.
- 60% of respondents express satisfaction with the prevailing Appraisal System.
- Approximately 69.3% believe the appraisal system helps in identifying and rectifying deficiencies.
- 60% believe feedback after Performance Appraisal helps in improving their performance.
- 80% agree that increments and promotions are tied to performance reviews.
- About 66.7% perceive the Performance Appraisal system as effective.
- A notable 57.4% agree that proper training is provided after the appraisal.
- The majority (73.4%) agree that their performance improves after the appraisal.
- 66.7% indicate agreement that management provides counseling to employees.

The overall analysis suggests a positive perception of the current Appraisal System at Da Afghanistan Bank. Employees recognize its importance, believe in its effectiveness, and acknowledge benefits such as feedback, training, and counseling. The findings from the research paper shed light on the perceptions of respondents at Da Afghanistan Bank regarding the Performance Appraisal system. Overall, the results indicate a positive sentiment towards the system, with many respondents believing it effectively assesses their contributions to the organization and is crucial for future performance enhancement. The recognition of the system's importance in achieving organizational goals is particularly noteworthy, suggesting alignment between individual efforts and broader organizational objectives.

The provision of appropriate feedback after Performance Appraisal is also highlighted as a positive aspect, indicating that the organization is proactive in supporting employee development. Additionally, the perceived value of the system in identifying and rectifying deficiencies, as well as in driving performance improvements through feedback, underscores its role in fostering a culture of continuous improvement.

While the overall satisfaction with the system is relatively high, there are areas identified for potential improvement. Addressing these areas, such as enhancing satisfaction levels and refining the system to better meet employee needs, could further strengthen its effectiveness in driving employee performance and organizational success.

VIII. CONCLUSION

In conclusion, the findings from this study illuminate a generally positive perception among respondents at Da Afghanistan Bank regarding the effectiveness and significance of the Performance Appraisal system. The majority of employees recognize its importance for assessing individual contributions, enhancing future performance, and achieving organizational goals. Moreover, the system's role in providing constructive feedback, identifying and rectifying deficiencies, and driving performance improvements is acknowledged and valued by employees. While satisfaction levels with the current system are relatively high, areas for potential enhancement have been identified, suggesting opportunities for refining the system to better meet employee needs and further bolster organizational success. Overall, the insights gleaned from this research contribute to a deeper understanding of the dynamics surrounding Performance Appraisal systems within organizational contexts, paving the way for informed decision-making and continuous improvement initiatives aimed at optimizing employee performance and organizational effectiveness.

IX. SUGGESTIONS

- Improve communication about how the Performance Appraisal system assesses individual contributions. Provide clear guidelines and training to ensure employee understanding of the appraisal process and its implications.
- Continuously emphasize the significance of Performance Appraisal. Communicate how performance assessments contribute to individual growth and overall organizational success.
- Enhance feedback mechanisms by training managers on providing constructive and timely feedback. Create a culture that values open communication and encourages regular feedback sessions.
- Conduct targeted interventions for aspects where a notable percentage of respondents express neutrality or disagreement. Seek detailed feedback, conduct focus group discussions, and implement pilot programs to address identified issues.
- Expand and tailor training programs to employees' needs. Ensure that training aligns with career development goals and offers opportunities for continuous learning and skill enhancement.
- Strengthen counseling services by providing additional resources, promoting awareness of available services, and ensuring that employees feel comfortable seeking counseling when needed.
- Regularly review and update Performance Appraisal practices. Solicit feedback from employees, conduct benchmarking studies, and stay informed about industry best practices in performance management.

- Encourage greater employee involvement in the goal-setting process to ensure individual objectives align with broader organizational goals. Foster a sense of shared purpose and enhance the link between Performance Appraisal and organizational success.

construction of unambiguous anchors for rating scales. *Journal of Applied Psychology*, 47(2), 149–155.

- [14] Werner, J. M., & DeSimone, R. L. (2019). *Human resource development* (7th ed.). Cengage Learning.

REFERENCES

- [1] Armstrong, M. (2012). *Armstrong's handbook of human resource management practice* (12th ed.). Kogan Page.
- [2] Armstrong, M. (2001). *Human Resource Management Practice*, Kogan Page Publishers, 8th ed. Axline,
- [3] Cash, B. (1993) *Human Resource Management Handbook*, Harvard Business Review, May/June Volume 3 Charles,
- [4] Da Afghanistan Bank. (2023). *Annual Report 2022*. Retrieved from <https://www.dab.gov.af/annual-report-2022>
- [5] DeNisi, A. S., & Murphy, K. R. (2017). Performance appraisal and performance management: 100 years of progress? *Journal of Applied Psychology*, 102(3), 421–433.
- [6] Landy, F. J., & Farr, J. L. (1980). Performance rating. *Psychological Bulletin*, 87(1), 72–107.
- [7] Lepak, D. P., & Gowan, M. A. (2010). *Human resource management: Managing employees for competitive advantage*. Pearson Prentice Hall.
- [8] London, M., & Smither, J. W. (1995). Can multi-source feedback change perceptions of goal accomplishment, self-evaluations, and performance-related outcomes? Theory-based applications and directions for research. *Personnel Psychology*, 48(4), 803–839.
- [9] Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2019). *Human resource management: Gaining a competitive advantage* (11th ed.). McGraw-Hill Education.
- [10] Pulakos, E. D., Mueller-Hanson, R. A., Arad, S., & Moya, N. (2005). Performance management can be fixed: An on-the-job experiential learning approach for complex behavior change. *Performance Improvement Quarterly*, 18(2), 118–137.
- [11] Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior* (17th ed.). Pearson.
- [12] Shields, J. (2007). *Managing employee performance and reward: Concepts, practices, strategies*. Cambridge University Press.
- [13] Smith, P. C., & Kendall, L. M. (1963). Retranslation of expectations: An approach to the