


**INVESTIGATING THE EFFECTIVENESS OF EMPLOYEES' PERFORMANCE APPRAISAL SYSTEM: KUWAIT CASE STUDY**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b>  <b>Received:</b> December, 02<sup>nd</sup> 2023  <b>Accepted:</b> February, 19<sup>th</sup> 2024</p>	<p><b>Purpose:</b> Performance appraisal systems have become a crucial tool for organizations in evaluating and maximizing the effectiveness of their employees. It is the main goal of this study to find out how well the employees' performance appraisal system for employees works in Kuwait, paying special attention to how employees and managers feel about it in both private and public sectors.</p>
<p><b>Keywords:</b>            Performance Appraisal;            Employees' Evaluation;            Employee Performance;            Organizational Effectiveness;            Human Resource Management;            Kuwaiti Workforce.</p> <div data-bbox="172 965 475 1205" style="text-align: center;">  </div>	<p><b>Theoretical Framework:</b> Performance appraisal systems play a critical role in enhancing organizational performance, employee development, and overall job satisfaction. However, the effectiveness of such systems can vary based on organizational cultures, contextual factors, and the alignment of appraisal practices with local norms. A literature review was a vital step, it established a foundation for this study and guides its design, implementation, and interpretation.</p> <p><b>Design/Methodology/Approach:</b> The study employs a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather insights from a diverse sample of employees and managers across various institutions in Kuwait in both of its sectors. The research design allows for the collection of both quantitative data, offering statistical trends and patterns, and qualitative data, providing nuanced perspectives and in-depth understanding.</p> <p><b>Findings:</b> Findings reveals a moderate level of agreement, satisfaction, or endorsement of the performance appraisal system in their organizations. Results also demonstrate significant differences between respondents from government and private sectors, in favor of private.</p> <p><b>Originality/Value:</b> This research also shed lights on the strengths and areas requiring improvement in such systems which is valuable insights for organizations looking to improve their performance management processes, leading to improved employee performance, engagement, and decision-making.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2024.v9i3.4453">https://doi.org/10.26668/businessreview/2024.v9i3.4453</a></p>

**INVESTIGANDO A EFICÁCIA DO SISTEMA DE AVALIAÇÃO DE DESEMPENHO DOS FUNCIONÁRIOS: ESTUDO DE CASO NO KUWAIT**

**RESUMO**

**Objetivo:** Os sistemas de avaliação de desempenho se tornaram uma ferramenta crucial para as organizações avaliarem e maximizarem a eficácia de seus funcionários. O principal objetivo deste estudo é descobrir como funciona o sistema de avaliação de desempenho dos funcionários no Kuwait, prestando especial atenção à maneira como os funcionários e gerentes se sentem sobre isso nos setores público e privado.

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**Estrutura Teórica:** Os sistemas de avaliação de desempenho desempenham um papel fundamental no aprimoramento do desempenho organizacional, desenvolvimento de funcionários e satisfação geral com o trabalho. No entanto, a eficácia de tais sistemas pode variar com base em culturas organizacionais, fatores contextuais e o alinhamento das práticas de avaliação com as normas locais. Uma revisão da literatura foi um passo vital, estabeleceu uma base para este estudo e orienta seu design, implementação e interpretação.

**Design/Methodologia/Abordagem:** O estudo emprega uma abordagem de métodos mistos, combinando pesquisas quantitativas e entrevistas qualitativas para reunir insights de uma amostra diversificada de funcionários e gerentes em várias instituições no Kuwait em ambos os seus setores. O projeto de pesquisa permite a coleta de dados quantitativos, oferecendo tendências e padrões estatísticos, e dados qualitativos, fornecendo perspectivas matizadas e compreensão aprofundada.

**Resultados:** Os resultados revelam um nível moderado de concordância, satisfação ou endosso do sistema de avaliação de desempenho em suas organizações. Os resultados também demonstram diferenças significativas entre os inquiridos dos setores público e privado, em favor do privado.

**Originalidade/Valor:** essa pesquisa também destaca os pontos fortes e as áreas que precisam ser aprimorados nesses sistemas, o que é uma visão valiosa para organizações que buscam melhorar seus processos de gerenciamento de desempenho, levando a melhores desempenho, envolvimento e tomada de decisões por parte dos funcionários.

**Palavras-chave:** Avaliação de Desempenho, Avaliação de Funcionários, Desempenho do Funcionário, Eficácia Organizacional, Gerenciamento de Recursos Humanos, Força de Trabalho Kuwaitiana.

## INVESTIGACIÓN DE LA EFICACIA DEL SISTEMA DE EVALUACIÓN DEL DESEMPEÑO DE LOS EMPLEADOS: ESTUDIO DE CASO DE KUWAIT

### RESUMO

**Propósito:** Los sistemas de evaluación del desempeño se han convertido en una herramienta crucial para las organizaciones a la hora de evaluar y maximizar la efectividad de sus empleados. El objetivo principal de este estudio es averiguar qué tan bien funciona el sistema de evaluación del desempeño de los empleados en Kuwait, prestando especial atención a cómo se sienten los empleados y los gerentes al respecto tanto en el sector privado como en el público.

**Marco Teórico:** Los sistemas de evaluación del desempeño desempeñan un papel fundamental en la mejora del desempeño organizacional, el desarrollo de los empleados y la satisfacción general del trabajo. Sin embargo, la eficacia de esos sistemas puede variar en función de la cultura institucional, los factores contextuales y la armonización de las prácticas de evaluación con las normas locales. Una revisión de la literatura fue un paso vital, estableció una base para este estudio y guía su diseño, implementación e interpretación.

**Diseño/Methodología/Enfoque:** El estudio emplea un enfoque de métodos mixtos, combinando encuestas cuantitativas y entrevistas cualitativas para recopilar información de una muestra diversa de empleados y gerentes de diversas instituciones en Kuwait en ambos sectores. El diseño de la investigación permite la recopilación de datos cuantitativos, ofreciendo tendencias y patrones estadísticos, y datos cualitativos, proporcionando perspectivas matizadas y una comprensión profunda.

**Resultados:** Los resultados revelan un nivel moderado de acuerdo, satisfacción o respaldo del sistema de evaluación del desempeño en sus organizaciones. Los resultados también demuestran diferencias significativas entre los encuestados del sector público y privado, a favor del sector privado.

**Originalidad/Valor:** Esta investigación también arrojó luces sobre las fortalezas y áreas que requieren mejoras en dichos sistemas, lo que es una información valiosa para las organizaciones que buscan mejorar sus procesos de gestión del desempeño, lo que conduce a un mejor desempeño, compromiso y toma de decisiones de los empleados.

**Palabras clave:** Evaluación del Desempeño, Evaluación de los Empleados, Desempeño de los Empleados, Eficacia Organizacional, Gestión de Recursos Humanos, Fuerza Laboral Kuwaití.

## 1 INTRODUCTION

One of the most significant aspects of human resource management is typically regarded to be performance appraisal (HRM). An effective performance appraisal system, according to (Selvarajan & Cloninger, 2012), is a crucial aspect of an organization's human resource management. The purpose of performance appraisal is to inform employees about their work and identify areas for improvement in their conduct and mindset, in addition to facilitating the enhancement of their competencies and understanding. An effective job evaluation meticulously assesses employee performance by considering the elements of the evaluation itself, including but not limited to attendance, integrity, accountability, competence, allegiance, compliance, leadership, and collaboration (Al-Hunaiyyan et al., 2024; Alainati et al., 2023D). Additionally, it considers employee initiatives or suggestions. The purpose of performance appraisal is to inform employees about their work and identify areas for improvement in their conduct and mindset, in addition to facilitating the enhancement of their competencies and understanding. An effective job evaluation meticulously assesses employee performance by considering the elements of the evaluation itself, including but not limited to attendance, integrity, accountability, competence, allegiance, compliance, leadership, and collaboration. Additionally, it considers employee initiatives or suggestions (Almonawer, et al., 2023). Good, effective, and explicit performance evaluations will motivate employees to continue working diligently, and good work evaluations will affect employees' enthusiasm for their work (Guest, 1999). Employees are valuable assets because their roles and responsibilities are designed to expedite productivity, maximize performance, and use time effectively and efficiently (Alainati et al. 2023B; Alainati et al., 2023A). As a result, many organizations are utilizing performance evaluation to increase employee productivity. In addition to financial gain, output, marketing ROI, and satisfied customers, (Chan & Lynn, 1991) argue that staff morale is an essential component of any successful firm. According to them, employees are a company's most important resource.

Government agencies also heavily rely on performance appraisal systems to evaluate the effectiveness of their employees. These systems help public sector organizations in assessing the performance of civil servants, identifying areas of improvement, and ensuring accountability in the delivery of public services. By setting clear performance expectations, providing feedback, and recognizing exemplary performance, government agencies can enhance employee motivation, job satisfaction, and overall organizational performance. A

corporation achieves success when its personnel put in the necessary effort to accomplish the company's objectives. When the business does well, it allows its workers to advance in their professions and earn more money. For a business to thrive, performance reviews should be conducted continuously throughout the year. To gain a full image of an employee's performance, these reviews look at aspects like their motivation level, growth and development, experience, and other relevant factors (Chan & Lynn, 1991). According to (Rue & Byars, 2005), performance evaluation is a method of discovering and communicating with employees about how they execute their tasks.

It is also a method of devising a strategy for improving the way employees do their duties. The performance review process is also known as a tool for determining how well a person is performing their duties. Performance evaluation is crucial since it informs how employees are performing, determines what training they require, and assists you in making plans for their development. Historically, performance evaluations have been conducted punctually to assess the development and achievements of employees in their respective positions and at work. As a result, corporations frequently associate it with employee benefits and strategies for professional advancement. Although many businesses award incentives or raises in accordance with these reviews, most of them are oblivious to the critical nature of these reviews in maintaining employee motivation (Dangol, 2021). A performance evaluation approach, according to (Selvarajan & Cloninger, 2012), is one of the most essential ways to maintain employee motivation. The objective of performance evaluation is to identify more efficient, precise, and cost-effective approaches for quantifying employee motivation and job success. In a similar line, (Vasset et al., 2011) assert that the implementation of a performance appraisal system is a critical means of enhancing an employee's performance inside an organization.

The primary objective of an evaluation process is to exclude those who are incapable or unwilling to perform the job. It must be disseminated to all participants, and managers tasked with facilitating such sessions for their team should receive the appropriate support and training (Shaw et al., 2008). Additionally, employers should keep in mind that evaluating success is a continuous process that does not occur annually. Performance evaluations that are most effective are two-way dialogues in which the employee assesses his or her own work and establishes objectives for growth (Guest, 1999). It is advisable for organizations to ensure that Key Performance Indicators (KPIs) are unambiguously communicated to personnel and that

they are assessed against sound criteria. Utilize review data to monitor the effectiveness of hiring and onboarding procedures.

Human Resource Management (HRM) plays a pivotal role in the employee evaluation and appraisal system, particularly in the areas of employee development and competency enhancement through self-learning and training. HRM supports self-learning initiatives by providing access to resources, tools, and platforms that enable employees to enhance their skills independently (Alainati S. J., 2021A; Alainati S., 2024A). This may involve promoting e-learning platforms, offering online courses, or creating a culture that encourages continuous learning (Al-Hunaiyyan et al., 2016; Al-Hunaiyyan et al., 2021D; Al-Huwail et al., 2007). The interconnection HRM and the 21st-century competences of employees and students is profound, as the latter's employability and achievement in the modern workplace are significantly dependent on the former. In accordance with the goal of HRM to guarantee the ongoing relevance of staff in a constantly changing global environment, 21st-century skills emphasize the importance of ongoing education and adaptability (Alainati S., 2015; Alainati S., 2021C; Nutsubidze & Schmidt, 2021; Alainati S., 2024A; Alainati S., 2024B). In summary, human resource management (HRM) is closely linked to the acquisition, recognition, and application of competences pertinent to the twenty-first century by employees and recent graduates. To foster a workforce that is versatile, resourceful, and sufficiently prepared to navigate the intricacies of the twenty-first century, these proficiencies gain increasing significance for organizations as the work environment progresses. The value of personnel is critical when considering the domains of online learning delivery and human resources (Alainati et al., 2023B; Alainati et al., 2023C). In online and self-learning environments, HRM is responsible for facilitating and guiding the learning experience for workers, providing feedback and support, and evaluating learners' performance (Al-Hunaiyyan et al., 2021C; Al-Sharhan et al., 2006; Al-Hunaiyyan et al., 2021B; Al-Hunaiyyan et al., 2021A; Alhajri et al., 2017) to ensure that the program meets the learning objectives and equipping workers with 21st century skills (Alainati et al., 2023A; Al-Sharhan et al., 2010; Alainati et al., 2023B), making sure that online training materials accommodate individual differences (Alhajri et al., 2011).

The employee performance evaluation system in Kuwait has been the subject of numerous grievances, which prompted the researcher to examine this matter to improve employee performance. As of last update in January 2022, Kuwait was known for having relatively high salaries compared to many other countries. This was mostly because the country has a lot of oil and a strong economy. It's important to remember, though, that the economy can



change over time and that salary levels can also change depending on things like industry, job, and personal qualifications. The rapid growth of government agencies and businesses in Kuwait because of digital transformation and the new knowledge economy has led many to assume that employee performance is falling short (Wikipedia, 2023; Alainati S., 2021B). As a result, the objective of this research is to assess the efficacy of performance evaluations for employees in Kuwait. a well-implemented Performance Appraisal System is essential for developing countries such as it not only contributes to individual and organizational development but also plays a vital role in the overall economic progress and competitiveness of the nation. It enables organizations to maximize the potential of their workforce and aligns individual efforts with broader development goals (Alhajri et al., 2017). A mixed-methodologies approach is employed, combining qualitative and quantitative methods, to assess the gathered data. A focus group were utilized for the qualitative approach. In addition, a survey questionnaire was employed for the quantitative approach, and a combination of statistical were utilized to assess the effectiveness of performance appraisal systems on employees in Kuwait.

This article is organized into sections. Section 2 outline the research objectives, while Section 3 reviews the relevant literature, section 4 explains the methodology. The results and a discussion thereof are presented in section 5, and section 6 draws conclusions and explores future directions.

## **2 RESEACH OBJECTIVES**

The finding of this study contributes to provide decision makers with the importance of performance appraisal, to determine its effectiveness for the employee's self-development and employee career development, to determine the objectives of the training program, to help diagnose organizational problems, and to explore areas of improvement in the performance appraisal. The specific objectives governing this study are as follows:

- a) Review the literature concerning employees' performance Appraisal systems.
- b) Investigate employees' perceptions towards evaluation systems and processes.
- c) Investigate managers' perceptions towards evaluation systems and processes.
- d) Compare usage statistics between employees and managers.
- e) Compare usage statistics between respondents from government and private sectors.

### 3 LITERATURE REVIEW

The effectiveness of employees' performance appraisal systems is a critical aspect of organizational management. Several studies have highlighted the impact of performance appraisal on various factors such as job satisfaction, organizational commitment, and employee morale. The study of (Abdullah & Malik, 2022) emphasized the positive effect of perceived appraisal fairness on performance appraisal effectiveness and satisfaction. Similarly, (Mok & Leong, 2021) found that employees' perceived fairness directly influences the effectiveness of performance appraisal, leading to a positive impact on employee performance. Furthermore, (Dhanabhakym & KP, 2023) revealed that the effectiveness of performance appraisal significantly influences employee morale in private-sector banks. In addition to its impact on employee attitudes, performance appraisal also plays a crucial role in job satisfaction and job performance (Dasanayaka et al., 2021). Likewise, (Raveendran & Hameela, 2020) emphasized that performance appraisal is integral to ensuring that employees contribute to achieving an organization's mission and objectives. (Hodgetts, 2002) delineates the performance evaluation procedure as a four-step operation. Performance review systems consist of performance standards, a method for determining individual performance, a comparison mechanism for performance to the criteria, and a performance evaluation derived from the comparison. He stated that prior to establishing performance criteria, it is essential to document the specific job responsibilities of every employee.

Moreover, the literature also suggests that the effectiveness of the performance appraisal system is linked to employee satisfaction and commitment. The findings of (Uchenna et al., 2018) emphasized that performance appraisal helps in clarifying employees' work expectations, fostering individual growth, and ensuring that pay structure incorporates performance. Furthermore, (Khan et al., 2020) highlighted the impact of performance appraisal on employees' satisfaction, indicating that a significant percentage of employees perceived the performance appraisal system as ineffective. The impact of performance appraisal extends beyond individual employee attitudes to organizational outcomes. (Kandel, 2021) emphasized the importance of implementing performance appraisal systems properly to meet an organization's context and facilitate communication between employees and management decisions. Additionally, (Sawitri & Arifin, 2021) highlighted the significance of evaluating the financial position of young employees, indicating the broader implications of performance appraisal on employees' financial capability. In other words, underscores the multifaceted impact of employees'

performance appraisal systems on various aspects of organizational and employee outcomes, including job satisfaction, morale, commitment, and financial capability. These findings highlight the critical role of performance appraisal in shaping employee attitudes and organizational effectiveness.

### 3.1 MANAGERS' PERCEPTION OF PERFORMANCE APPRAISAL SYSTEM

Managers' perspectives on performance appraisal forms are critical to the appraisal process's success and effectiveness. According to the research, while employee perceptions of performance appraisal systems have gotten significant attention, supervisors who do the appraisals have received very little scrutiny (Lin et al., 2018). It is highlighted that acceptance of performance evaluation systems by those being evaluated, such as employees and managers, is critical to their success and effectiveness (Madureira et al., 2020). Furthermore, (Abdullah & Malik, 2022) found a substantial mediation link between evaluation system efficacy, employee satisfaction with performance appraisal, socially determined justice, and structurally dictated justice. This emphasizes the significance of fairness and justice in the evaluation process. According to the research, performance appraisal is a vital role for managers to ensure that patients receive safe, high-quality care (Sepahvand et al., 2020). Moreover, according to (Nobari et al., 2021), performance appraisal serves as a mechanism for human resource managers to discern certain domains of employee accountability that require improvement, thus facilitating their career growth.

Furthermore, the research undertaken by (Hassan et al., 2022) underscores the need of establishing a performance evaluation system that is characterized by openness and equity to augment employee contentment. The results indicate that the implementation and efficacy of the assessment system are influenced by the attitudes of managers towards it. The attitudes of educators towards the assessment system must be assessed by education administrators, as these attitudes influence the system's implementation and efficacy (Kamau et al., 2021). Furthermore, the literature emphasizes that to fulfill the requirements of the organization, the performance appraisal form should be developed in accordance with practical considerations and theoretical research (Susanto & Darmasetiawan, 2020). The success and efficacy of the performance appraisal process are thus substantially influenced by the perspectives of managers toward performance appraisal forms. The significance of acceptability, fairness, transparency, and practicability in the development and execution of performance appraisal systems to improve



employee happiness, organizational commitment, and overall effectiveness is underscored in the literature (Mok & Leong, 2021). The success and efficacy of the performance appraisal process are thus substantially influenced by the perspectives of managers toward performance appraisal forms. The literature emphasizes the importance of acceptance, fairness, transparency, and practicality in the design and implementation of performance appraisal systems to enhance employee satisfaction, organizational commitment, and overall effectiveness (Dangol, 2020).

### 3.2 EMPLOYEES' PERCEPTION OF PERFORMANCE APPRAISAL SYSTEM

To understand employees' opinions of performance appraisal forms, it is essential to consider various factors that influence their perceptions. Performance appraisal is correlated with employees' attitudes at work, their perception of organizational justice, and their motivation and commitment (Ullah et al., 2021). The perceived accuracy and fairness of performance appraisal systems significantly impact employee motivation and satisfaction (Idowu, 2019). Additionally, the purposes of performance appraisal that employees perceive can directly affect their positive behaviors (Lu et al., 2018). Moreover, the efficiency of performance appraisal and employee happiness may be impacted by employees' perceptions of performance appraisal elements associated with organizational fairness. (Abdullah & Malik, 2022). It is also important to consider the impact of performance appraisal on job satisfaction, as formal performance appraisals can influence employee job satisfaction (Hassan et al., 2022).

Moreover, the method of performance appraisal used can affect employees' perceptions (Judge & Kammeyer-Mueller, 2022). For instance, using the critical incident method may not be preferred, as it may present an inaccurate picture of an employee's performance and outcome (Amoako, 2021). Additionally, the use of performance appraisal politics in the public sector can affect employees' performance ratings (Kwon, 2020). Furthermore, the clarity of performance feedback and goal clarity can influence public employees' performance in organizations (Park & Choi, 2020). The effectiveness of performance appraisal systems is also crucial. A well-designed, well-executed, and well-supervised performance appraisal system can provide benefits to the organization, managers, and employees (Amoako, 2021). Performance appraisal plays a significant role in increasing productivity by providing timely feedback to employees and guiding organizational decisions regarding employee pay, retention, transfer, professional development, and promotion (Abdullah & Malik, 2022). Additionally, the study of (Kandel, 2021) reveals that the impact of performance appraisal systems on employees'

performance in the banking sector highlights the importance of assessing employees' progress and making necessary adjustments accordingly. As a result, employees' opinions of performance appraisal forms are influenced by various factors, including the perceived accuracy and fairness of the appraisal system, the method of appraisal used, the clarity of performance feedback, and the overall effectiveness of the system. Understanding these factors is crucial for organizations to ensure that performance appraisal processes are perceived positively by employees, leading to increased motivation, satisfaction, and commitment.

According to (Selvarajan et al., 2008), certain organizations express dissatisfaction with the way they assess the performance of their personnel. Therefore, the performance review process is ill-suited for addressing employee motivation. However, performance evaluations are considered crucial for fostering a positive work environment and enhancing service quality. According to (Vasset et al., 2011), usually, only bosses or leaders oversaw judging how well someone did their job. But other people in the company, can be a good source of information. They believe that there are several choices for who should assess an employee, and the choice needs to be made based on several factors. They also revealed that gathering information from multiple sources can improve the accuracy of performance evaluations, eliminate bias, and make employees feel treated fairly. A typical review is usually conducted once or twice a year. There would be months between setting objectives and reviewing them, and goals set at the start of the year are rarely revisited until it is time for an evaluation (Afriyie, 2009).

### 3.3 ROLE OF ORGANIZATIONS IN THE EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM

The role of the organization in the effectiveness of performance appraisal forms is a critical aspect of human resource management. Performance appraisal is a key tool for managing employees, particularly in service-oriented organizations (Ullah, Scholz, Ahmed, Ahmad, & Usman, 2021). It is essential for establishing performance standards tailored to the organizational context and defining expectations according to job specificities and company activities (Al-Jedaia & Mehrez, 2020). Research indicates that performance appraisal serves as an effective manpower planning tool, benefiting both personal and organizational aspects (Lay, 2022). Moreover, it is considered an essential tool for identifying organizational success, allowing for the determination, control, monitoring, and evaluation of an organization's goals and strategic objectives (Hassan, Mubeen, Ali, & Sajjid, 2022). The perception of performance

appraisal aspects connected with organizational justice has been found to significantly impact performance appraisal effectiveness and employee satisfaction in higher education (Abdullah & Malik, 2022; Al-Sharhan et al., 2010; Al-Hunaiyyan et al., 2023). Additionally, when nurses perceive performance appraisal as accurate, effective, and fair, they are more willing to contribute effort toward organizational goals (Sepahvand et al., 2020). Furthermore, the adoption of an effective performance appraisal method has been shown to improve employee performance and organizational productivity (Majeed, 2021). Effective performance appraisal leads to accurate reviews and subsequent compensation for employees who have contributed to their organizations (Mok & Leong, 2021). It has also been found to impact affective commitment, with studies showing a mediating effect of organizational support and perception of organizational politics on organizational commitment (Zhen-qi & Zhang, 2021). Moreover, performance appraisal based on incentive reinforcement theory has been shown to mobilize staff enthusiasm and creativity, promoting human resource management and organizational development (Li, 2019).

Organizational identification is influenced by the purposes of performance appraisal and plays a crucial role in employees' workplace behaviors (Lu et al., 2018). However, formal performance appraisal has been found to reduce the perception that it promotes individual innovation and creativity at work, compared to informal feedback (Curzi et al., 2019). Performance reviews are an excellent opportunity for managers and employees to meet one-on-one, but they may also be used to assign unfair grades (Afriyie, 2009). People also tend to focus on their flaws rather than their strengths, which can lead to conflict between the boss and the staff and a negative work scenario. According to (Dangol, 2020), what firms don't realize is that they must address talent shortages as soon as possible or risk negatively impacting their bottom line. Additionally, performance appraisals, as part of an organization's performance management system, serve multiple purposes that benefit both the organization and its employees (Idowu, 2019). In conclusion, the organization plays a pivotal role in the effectiveness of performance appraisal forms. It is essential for establishing fair and accurate performance standards, promoting organizational justice, and fostering employee commitment and creativity. Moreover, effective performance appraisal contributes to organizational success, productivity, and employee satisfaction.

## 4 RESERACH METHODOLOGY

A mixed of methodological approaches are implemented. A review of the literature will provide insight into the status of research and practice concerning performance appraisal methods for employees. A qualitative methodology was employed to gain an understanding of the participants' rationales, views, motives, viewpoints, and so on. This process facilitated the development of novel ideas and insights into existing difficulties. Interviews and a focus group were extended invitations to managers and department heads with the purpose of deliberating any issues with the system and providing solutions. Furthermore, a quantitative approach was implemented by means of a questionnaire that was both designed and administered. A total of 401 responses were gathered from managers and employees, who were requested to provide their perspectives, identify challenges, and highlight areas for improvement regarding the existing performance appraisal system, criteria, and administrative procedures in Kuwait. Following a statistical analysis of the data obtained from the questionnaires, which provided additional insight into practices, challenges, and benefits, recommendations, and suggestions for decision makers regarding the development of an effective performance appraisal system for managers and employees were deliberated. These suggestions and recommendations served to aid decision makers in assessing and enhancing the performance appraisal system's efficacy. Included in the research approach are:

### 4.1 INTERVIEWS

Both interviews and a focus group were held with managers to understand their views on the use and employees' performance appraisal form to evaluate it and receive any recommendations they might have. Data generated in this fashion helped our understanding of the current situation, barriers, and opportunities regarding performance appraisal. Topics addressed in interviews and the focus group were considered.

### 4.2 QUESTIONNAIRE DESIGN

A research-specific two-part questionnaire was developed to gather participant perspectives and investigate the performance appraisal system's purpose, objectives, and components, as well as to identify potential challenges and opportunities associated with the

system. The initial section gathers demographic information from the participants, encompassing gender, professional experience, working sector, appraisal frequency, and organizational level of employees. The attitudes of employees and managers regarding the performance rating system are examined in Part 2. The survey used a Likert-type scale consisting of five points: five indicates strong agreement, one indicates strong disagreement, two indicates disagreement, three indicates neutrality, and four indicates agreement. A pilot research was undertaken to validate the questionnaire's ability to accomplish its stated objectives, to analyze the survey's feasibility, and to authenticate initial findings.

#### 4.3 DATA ANALYSIS

A statistical analysis was conducted on the questionnaire responses in order to shed light on current practices, functionality, and obstacles. A number of statistical methods are utilized, such as frequency, percentage, mean, standard deviation (SD), and a t-test for independent samples. To identify any statistically significant difference in means between two independent variables, the independent-sample t-test is applied (in this case, employees Vs managers, and private Vs government sectors). Consequently, in every instance, a significance threshold of 0.05 is applied. The objective of the statistical analyses indicated above is to impartially evaluate any apparent disparities among variables.

### 5 RESULTS AND DISCUSSION

#### 5.1 QUALITATIVE ANALYSIS

According to the qualitative analysis and the interviews with managers and other officials in Kuwait, all agree that an effective Performance Appraisal System is important for Kuwait for several reasons, as it contributes to organizational and economic development. One suggests that a well-designed performance appraisal system provides feedback to employees on their strengths and areas for improvement, which serves as a tool for employee development, motivating individuals to enhance their skills and contribute more effectively to the organization's objectives. Another believes that performance appraisal systems help in identifying and rewarding high-performing employees which can lead to increased productivity and efficiency. In addition, a manager says that our organization has goals and mission, and

that performance appraisals align individual performance with organizational goals. which ensures that employees understand their roles in achieving the organization's mission and vision, contributing to overall development and success. A manager of training department believes that assessing employee performance, organizations can identify training and development needs. Investing in employee training enhances the skillset of the workforce, making them more adaptable to changing economic demands. He added that Employees who receive constructive feedback, training, and recognition are more likely to be satisfied with their jobs. A satisfied workforce is crucial for talent retention, reducing turnover rates, and maintaining continuity in projects and initiatives.

A head of department criticized the promotion system which he believes is not fare. He believes that well-designed performance appraisals provide a basis for merit-based promotions and career advancement. Recognizing and promoting employees based on merit encourages a culture of fairness and meritocracy, motivating others to strive for excellence. He added that such system aids in strategic workforce planning by identifying high-potential employees and key contributors and are more likely to be committed to their work and contribute positively to the organization's development goals. Another participant pointed out that performance appraisals assist in identifying top-performing employees and areas that may need improvement, which enables organizations to allocate resources efficiently, ensuring that talent is strategically deployed. A head of department says that most of the employees focused on signing in and signing out instead on productivity and creativity. She trusts that a valued performance appraisal system can contribute to cultural change within an organization, promoting a mindset of continuous improvement, which is essential for adapting to economic changes and driving innovation in developing countries. A participant went beyond the local organization, he urges organizations in Kuwait to be internationally competitive. He stated that a robust performance appraisal system helps in building a skilled and motivated workforce, contributing to the competitiveness of the organization on a global scale. Another supervisor asserts that identifying leadership potential through performance appraisals is crucial for Kuwait. Nurturing and promoting effective leaders contribute to organizational growth and national development.

One participant in the interview stated that the performance review process is ill-suited for addressing the real employee performance, and many issues arise in relation to the performance review procedure. He added that this encompasses faulty design, insufficient consideration of organizational culture, reluctance to address subpar performance, and hasty



decision-making. Another manager pointed out that there are various options for who should evaluate an employee, and the decision must be based on a variety of considerations. In our organization in Kuwait, only bosses or leaders were usually in charge of evaluating how successfully someone accomplished their work. She added, customers, coworkers, and subordinates, on the other hand, might be a helpful source of information because they are likely to witness different aspects of an employee's work (Senathirajah, et al., 2024).

## 5.2 QUANTITATIVE ANALYSIS

The research utilized a survey questionnaire comprising of two sections: one for gathering demographic information, and the other for assessing the efficacy and efficiency of the performance appraisal system for employees. Twenty elements comprise the second section, which evaluates the performance appraisal form, system, and the role of the organization in system implementation.

### 5.2.1 Sample of the Study

Socio-demographic characteristics of the study participants is shown in Table1. Most of the participants are female (255, 63.6%), have 0-5 years of experience at their job (150, 37.4%), with a bachelor's degree (211, 52.6%), working in governmental sector (247, 61.6%), conduct the evaluation form once a year (262, 65.3%), and from an employees' level at the organization (303, 75%). Table 1 display sample demographic data.

**Table 1**

*Demographic Data (N= 401 Participant)*

		Frequency	Percent
Gender	Male	146	36.4
	Female	255	63.6
	Total	401	100.0%
Year of Experience	0-5 years	150	37.4
	6-10 years	56	14.0
	11-20 years	75	18.7
	More than 20 years	120	29.9
Working sector	Governmental	247	61.6
	Private	154	38.4
Frequency of appraisal	One time	262	65.3
	2 times	72	18.0
	3 times	42	10.5

	4 times	17	4.2
	5 time or more	8	2.0
Organizational level	Employees' level	303	75.6
level	Managers' level	98	24.4

### 5.2.2 Reliability and Validity

To have a valuable information about particular issues on which respondents have expressed their opinions, a survey questionnaire must be accurate and valid (Tobi & Kampen, 2018). The measure of consistency is reliability, while the measure of accuracy is validity. Cronbach's alpha is a well-known approach for measuring dependability statistics. Cronbach's alpha can be used to calculate the reliability score for a variety of questionnaire items. Other statistics, such as item rest correlation, were utilized to assess the questionnaire's correctness. Table 2 summaries the results of reliability and validity statistics for the second main constructs of this research. The value of Cronbach's alpha of each item in table 2 is between 0.926 (the lowest) to 0.936 (the highest). These values of the items are considered to be excellent (Hamid, Sami, & Sidek, 2017). The total Reliability of the whole construct is 0.932 which again is considered as excellent. Also, the value of item test correlation must exceed 0.30, for the validity of the items (Abdulkader Mohamad, Abdul Rahim, & Mohamad, 2022). Therefore, this construct is considered excellent.

**Table 2**

#### *Reliability*

	Item	Cronbach's Alpha
1	Performance evaluation measures the efficiency of an employee's work (e.g., work accuracy, responsibility, work pressure...)	.928
2	The performance evaluation measures the employee's ability for teamwork (such as cooperation, communication, dealing with others...)	.928
3	The performance evaluation model measures an employee's personality (ambitious, motivated to work, self-learning...)	.928
4	Performance evaluation identify the strengths and weaknesses of employees.	.928
5	The performance evaluation measures an employee's commitment to work.	.928
6	My organization's performance evaluation form measures an employee's development.	.926
7	Employee performance evaluation questions are distributed correctly.	.927
8	The performance evaluation is clear or understandable.	.926
9	Performance evaluation is comprehensive.	.927
10	There is no biasness in the performance evaluation.	.930
11	Performance evaluation provides employees with results that they can work on to develop.	.926
12	I am aware of the evaluation items or criteria used to evaluate the performance of employees.	.931
13	The organization clearly defines goals and plans for employees.	.927

14	The goals and plans of the organization are achievable.	.928
15	The performance evaluation process helps me understand how my work aligns with the organization's goals.	.927
16	Performance evaluation helps manage employee performance.	.926
17	Performance evaluation is confidential and therefore encourage honest answers.	.930
18	The number of times employees are evaluated annually is sufficient to measure their performance.	.932
19	Performance evaluation helps identify employee development pathways.	.928
20	We need to modify the job performance evaluation form from time to time.	.936
Total		.932

Overall Cronbach's  $\alpha = 0.932$

### 5.3 EFFECTIVENESS OF EMPLOYEES' PERFORMANCE APPRAISAL SYSTEM

This study evaluates the effectiveness of the employees' performance appraisal system used in institutions in Kuwait. A questionnaire was distributed to employees and managers from government and private institutions to measure the effectiveness on the system in which five-point Likert-type scales was used. In the context of 5 Likert-type scales used in this study, a mean value often implies moderate agreement or satisfaction. Table 3 displays the 20 items investigated in this study and provide the mean value for each item. The mean values are ranges between 3.22 and 3.88, which indicates a central tendency in the responses. Participants are not strongly leaning toward either extreme (strong disagreement or strong agreement) but are providing responses in the mid-range. The results suggest that, on average, participants are expressing a moderate level of agreement, satisfaction, or endorsement of the surveyed items. If the distribution of responses is approximately normal, a mean in this range suggests that a significant portion of participants fall within the moderate range (Ross & Willson, 2017). The range between 3.22 and 3.88 might also be seen as relatively neutral or balanced. It implies that opinions or responses are not strongly skewed toward either end of the spectrum, presenting a nuanced or mixed view, this might warrant further investigation into specific aspects affecting satisfaction. In addition, the range of the standard deviation between 0.972 and 1.181 provides insights into the variability of responses. This smaller standard deviation suggests that responses are clustered around the mean, while a larger standard deviation indicates greater dispersion (Ross & Willson, 2017).

**Table 3***Perceptions of the Effectiveness of Employees' Performance Appraisal System*

	Item	Mean	Rank	Std. Deviation	Variance
1	Performance evaluation measures the efficiency of an employee's work (e.g., work accuracy, responsibility, work pressure...)	3.57	4	1.114	1.240
2	The performance evaluation measures the employee's ability for teamwork (such as cooperation, communication, dealing with others...)	3.54	5	1.090	1.189
3	The performance evaluation model measures an employee's personality (ambitious, motivated to work, self-learning...)	3.46	11	1.122	1.259
4	Performance evaluation identify the strengths and weaknesses of employees.	3.35	15	1.100	1.209
5	The performance evaluation measures an employee's commitment to work.	3.67	2	1.095	1.198
6	My organization's performance evaluation form measures an employee's development.	3.48	10	1.086	1.180
7	Employee performance evaluation questions are distributed correctly.	3.24	18	1.007	1.014
8	The performance evaluation is clear or understandable.	3.50	7	1.027	1.056
9	Performance evaluation is comprehensive.	3.28	16	1.066	1.136
10	There is no biasness in the performance evaluation.	3.22	19	1.181	1.395
11	Performance evaluation provides employees with results that they can work on to develop.	3.42	13	1.068	1.140
12	I am aware of the evaluation items or criteria used to evaluate the performance of employees.	3.48	9	1.082	1.170
13	The organization clearly defines goals and plans for employees.	3.22	20	1.146	1.313
14	The goals and plans of the organization are achievable.	3.44	12	1.001	1.002
15	The performance evaluation process helps me understand how my work aligns with the organization's goals.	3.42	14	1.009	1.019
16	Performance evaluation helps manage employee performance.	3.48	8	1.030	1.060
17	Performance evaluation is confidential and therefore encourage honest answers.	3.51	5	1.164	1.355
18	The number of times employees are evaluated annually is sufficient to measure their performance.	3.28	17	1.101	1.213
19	Performance evaluation helps identify employee development pathways.	3.57	3	.972	.945
20	We need to modify the job performance evaluation form from time to time.	3.88	1	1.032	1.064

As shown in Table 4, a descriptive analysis was conducted on each item. This section will provide elaboration on the four mean values with the highest and lowest values, respectively. Items 20, "*We need to modify the job performance evaluation form from time to time*", had the highest mean value of 3.88. This implies an acknowledgment that the job performance evaluation form, which is utilized for the purpose of evaluating and appraising the

performance of employees, must undergo regular revisions or updates. This facilitates feedback and ongoing improvement; increases objectivity and fairness; encourages employee participation and engagement; and enhances the efficacy of the evaluation procedure (Lloyd, 2009). Subsequently, item 5, which assesses an employee's dedication to their work, "*The performance evaluation measures an employee's commitment to work*", ranks second with an average score of 3.67. This statement posits that an employee's level of dedication to their work is being evaluated as a component of the performance review procedure. These may consist of the following: dependability; proactivity; work quality; teamwork; adaptability (Campbell & Wiernik, 2015). Third item 19, "*The performance evaluation helps identify employee development pathways*", follows. The average value is 3.57. This suggests that the procedure of evaluating an employee's job performance functions as a beneficial instrument for identifying domains in which the employee can advance, enhance, and further cultivate their competencies and capabilities. It accomplishes this by assessing the employee's strengths and weaknesses, monitoring their progress, providing encouragement and motivation, and aligning their personal aspirations with those of the organization (Amoako, 2021). Item 1, "*The performance evaluation system measures the efficiency of an employee's work*", is ranked fourth with a mean value of 3.57, like the previous item. This suggests that the performance evaluation system of the organization is intended to evaluate the effectiveness and productivity with which an employee executes their job responsibilities. Specifically, it evaluates employees' work output, timeliness, resource utilization, and capacity to contribute to the overall productivity of the organization (Lloyd, 2009).

In Table 4, the items with the lowest mean values are presented. Among them, item 13, which states "The organization clearly defines goals and plans for employees", placed last with a mean value of 3.22 out of 20. When considering the assessment of employee performance, this statement indicates that the organization has implemented precise and transparent goals, targets, or strategies for each employee, including but not limited to the following: goal clarity; performance expectations; alignment with organizational objectives; periodic monitoring and evaluation; and feedback mechanisms (Kandel, 2021). Likewise, with a mean score of 3.22, item 10, "There is no biasness in the performance evaluation", was positioned at number 19. This statement posits that the performance evaluation of employees is carried out in a manner that is equitable, unbiased, and objective, devoid of any kind of partiality. This is supported by the following: equitable treatment; establishment of objective standards; uniformity among employees; eradication of discriminatory practices; selection of diverse evaluators; and

transparency. This underscores the significance of carrying out performance appraisals in an unbiased manner. Ensuring an unbiased evaluation process is of utmost importance in cultivating a favorable organizational culture, bolstering employee morale, and encouraging fair chances for all personnel (Al-Jedaia & Mehrez, 2020; Dangol, 2020).

Item 7, "Employee performance evaluation questions are distributed correctly", obtained the eighteenth rank with a mean value of 3.24. This item posits that the procedure for assessing the performance of employees encompasses the judicious and suitable allocation of evaluation inquiries. This necessitates the following: consistent distribution of evaluation form questions; alignment with organizational goals; relevance to work functions; and customization of questions for specific positions. Ensuring transparency, justice, and overall success are key factors that will be positively impacted by this (Lloyd, 2009). Ultimately, with a mean value of 3.28, item 18, "The number of times employees are evaluated annually is sufficient to measure their performance", ranked seventeen. The statement implies that the annually of performance reviews is deemed sufficient for the purpose of accurately evaluating and quantifying the performance of employees. Performance reviews should be conducted an adequate number of times each year, as determined by the organization. Efficient operation, equitable treatment, congruence with organizational objectives, and adaptability to the specific requirements of the organization and its staff inform this decision (Afriyie, 2009; Majeed, 2021).

The results of perceptions on the effectiveness of the Employees' Performance Appraisal System in Kuwait suggest a moderate standpoint that could perhaps offer avenues for enhancement. In order to achieve optimal satisfaction, organizational officials must undertake the following measures: identify specific concerns, improve communication, provide training and development opportunities, foster employee engagement, promote managerial skills, establish benchmarks against best practices, customize imported systems to suit Kuwaiti culture (Al-Hunaiyyan & Al-Sharhan, 2009), and offer training and development opportunities. Organizations can strive to rectify the moderate perceptions of the Employees' Performance Appraisal System in Kuwait and establish a more efficient and employee-centric procedure by using the measures. A dedication to improvement, ongoing communication with employees and management, and addressing the bureaucratic barriers that can hinder the effectiveness of the appraisal process are critical components in bolstering the overall efficacy of performance appraisal systems.



#### 5.4 DIFFERENCES BETWEEN EMPLOYEES AND MANAGERS

The present study investigated the disparities between employees and managers regarding the efficacy of the performance appraisal system used for employees inside their respective organizations. There are no significant differences between employees (303 respondents) and managers (98 respondents), except for four of the twenty items examined in this study, as shown in Table 4. The following four items are as follows: items 2 "The performance evaluation measures the employee's ability for teamwork", "level of significance" ( $p=0.026$ ), in favor of managers (t-test)  $p < 0.05$ , and item 12 "I am aware of the evaluation items or criteria used to evaluate the performance of employees", "level of significance" ( $p=0.021$ ), in favor of managers (t-test)  $p < 0.05$ . While items 7 "Employee performance evaluation questions are distributed correctly", and item 8 "The performance evaluation is clear or understandable" indicate significant difference "level of significance" ( $p=0.043$ ), and ( $p=0.037$ ) respectively in favor of employees (t-test)  $p < 0.05$ .

**Table 4**

*Perceptions of the Effectiveness of Employees' Performance Appraisal System*

	Question	Level	Mean	SD	Sig.
2	The performance evaluation measures the employee's ability for teamwork.	Employee	3.48	1.115	0.026
		Manager	3.71	0.995	
7	Employee performance evaluation questions are distributed correctly.	Employee	3.24	0.976	0.043
		Manager	3.23	1.101	
8	The performance evaluation is clear or understandable.	Employee	3.51	0.986	0.037
		Manager	3.47	1.151	
12	I am aware of the evaluation items or criteria used to evaluate the performance of employees.	Employee	3.40	1.102	0.021
		Manager	3.71	0.984	

t-Test according to Organizational Level (303 Employees and 98 Managers)

#### 5.5 DIFFERENCES BETWEEN GOVERNMENT AND PRIVATE SECTORS

This study examined the differences between two organizational sectors government (247 respondent) and private (154 respondent) in respect to the effectiveness of employees' performance appraisal system used in their organization. The results presented in Table (4), showed that there statistically significant differences among respondents for 9 items out of the 20 items investigated in this study, in favor of the private sector (t-test)  $p < 0.05$ .

**Table 5***Perceptions of the Effectiveness of Employees' Performance Appraisal System*

	Question	Sector	Mean	SD	Sig.
1	Performance evaluation measures the efficiency of an employee's work.	Governmental	3.50	1.165	0.021
		Private	3.69	1.020	
2	The performance evaluation measures the employee's ability for teamwork.	Governmental	3.48	1.168	0.001
		Private	3.63	0.949	
3	The performance evaluation model measures an employee's personality.	Governmental	3.35	1.193	0.001
		Private	3.64	0.975	
4	Performance evaluation identify the strengths and weaknesses of employees.	Governmental	3.24	1.142	0.031
		Private	3.54	1.004	
6	My organization's performance evaluation form measures an employee's development.	Governmental	3.36	1.146	0.000
		Private	3.68	0.955	
10	There is no biasness in the performance evaluation.	Governmental	3.15	1.258	0.013
		Private	3.32	1.041	
11	Performance evaluation provides employees with results that they can work on to develop.	Governmental	3.27	1.102	0.003
		Private	3.67	0.964	
16	Performance evaluation helps manage employee performance.	Governmental	3.38	1.086	0.002
		Private	3.64	0.912	
17	Performance evaluation is confidential and therefore encourage honest answers.	Governmental	3.39	1.215	0.004
		Private	3.70	1.055	

t-Test according to Organizational Sectors (247 Government and 154 Private)

Evaluation and appraisal systems are utilized by both public and private sector entities to gauge employee performance and improve overall organizational effectiveness. However, divergent organizational cultures, objectives, and external environments give rise to distinct perspectives and methodologies regarding performance management. The cultural norms and values of Kuwait may influence the way in which the evaluative appraisal system is perceived, according to (Bashir, 2017). Respect for hierarchy, interpersonal relationships, and authority may have significant ramifications for the method in which evaluations are conducted and accepted. Variables may contribute to divergent perspectives on evaluation appraisal systems between public and private sector entities. One reason why government agencies in Kuwait frequently emphasize public service and regulatory compliance over profitability and market competitiveness is the presence of goals and objectives. This discrepancy in objectives may affect the perception and application of evaluation and appraisal systems to (Bashir, 2017). Furthermore, bureaucracy is a conspicuous factor observed in Kuwaiti government organizations characterized by systematic evaluation methods and hierarchical structures. Performance evaluation in private sector enterprises often provides greater freedom and autonomy, enabling the implementation of specialized strategies that are customized to suit certain job positions and responsibilities (Al-Harbi et al., 2017). Finally, performance

evaluation systems in the commercial sector are frequently tied to monetary incentives like stock options, profit-sharing, or bonuses (Andersen, Bruntse, & Oliver, 2024). On the other hand, government entities in Kuwait may provide possibilities for professional growth, career progression, or recognition in lieu of monetary compensation.

## 6 CONCLUSION

This study investigated the effectiveness of performance appraisal systems and forms by employees and managers in Kuwait to advance our understanding of performance management and human resource management, taking into consideration both sectors, private and government. By investigating the underlying mechanisms and processes that drive effective appraisal, researchers and top officials can develop new theories and models that can be used to improve performance management practices. A mixed methodology was conducted, personal interviews (Qualitative approach), and a survey questionnaire (Quantitative approach). Personal interviews were conducted with managers to enrich the evaluation of the performance appraisal system by providing detailed, context-specific information about its strengths, challenges, and impact on employees and the organization. These insights contribute to evidence-based decision-making and continuous improvement in the performance management process. Similarly, a questionnaire was used to solicit employees and managers' opinions about the performance appraisal system as a practical and efficient method that provides structured, quantifiable data. It allows organizations to assess perceptions, identify areas for improvement, and make informed decisions based on the collected feedback. The qualitative analysis underscored the significance of a proficiently designed and implemented Performance Appraisal System for Kuwaiti firms, with the goal of fostering both organizational and economic growth. The interviewees prioritized their strengths and areas requiring improvement. This information functions as a mechanism for employee development, inspiring individuals to hone their abilities and make more impactful contributions towards the organization's goals. In addition, the quantitative analysis reveals that both employees and managers alike, expressing a moderate level of agreement, satisfaction, or endorsement of the performance appraisal system in their organizations. In addition, slight significant differences were found between the perceptions of managers and employees, and significant differences were also found between respondents from government and private sectors in favor of the private sector. This type of research can also help organizations to develop evidence-based practices

that are grounded in empirical data, rather than relying on assumptions or intuition. Furthermore, research results can provide valuable insights for organizations looking to improve their performance management processes, leading to improved employee performance, engagement, and decision-making.

This type of research can also help to identify gaps in our current knowledge and point to areas for future research. From an applied perspective, researching the effectiveness of appraisal system using artificial intelligence (AI) and futuristic tools can provide practical insights that can be used by managers and organizations to improve their performance management practices. By identifying the most effective appraisal forms and practices, organizations can implement changes that can lead to improved employee performance, engagement, and satisfaction. This can also help to reduce turnover and improve overall organizational performance.

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