Purpose – to identify the relationship between performance appraisal and quality of working life. Explicitly, investigate the effects of firms' performance appraisal on quality of working life (QWL).

Design/Method/Approach. The study is based on the three businesses data operating in the Republic of Kosovo with ninety-seven (n=97) individual respondents (employees). The study's questionnaires of the study were prepared, the responses obtained, the econometric model was constructed to empirically test this relationship, and the questionnaires data were processed by the IBM SPSS v.25.0 program as a tool to provide the statistic findings. Results and proposals are brought forward by the matched t-test, independent t-test sample, ANOVA, and regression, which were applied for testing hypotheses.

Findings. Econometric results suggested that applying performance appraisal in the correct way and for appropriate goals, improves job satisfaction, employees' satisfaction, motivation to employees, and as a result the quality of working life.

Theoretical implications. The theoretical significance of this study is the increases of opinion and the change of judgment for the effects of performance appraisal on quality of working life.

Practical implications. The practical benefit of this study is that it can provide a guideline for managers to apply performance appraisal in the correct manner to increase the quality of working life, and as a result to improve their organization's performance.

Originality/Value. The importance of quality of working life has been recognized. It is the first paper that examines the relationship between performance appraisal and quality of working life and finds out their interactions using quantitative methods.

Research limitations/Future research. Predictions for further research are to analyze the relation of performance appraisal parameters and QWL, adding other variables that mediate or moderate the relation of these two variables.

Paper type – empirical.

Keywords: performance appraisal; QWL; job satisfaction; employees' satisfaction; motivation.
Службова атестація та якість трудового життя

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Мета роботи – визначити взаємозв'язок між службовим атестуванням та якістю робочого життя. Яким чином дослідити вплив оцінок результативності фірм на якість робочого життя (QWL).

Дизайн/Метод/План дослідження. Дослідження базується на даних трьох підприємств, що діють в Республіці Косово, де в'якістю дія дія (n = 97) окремих респондентів (службовців). Були підготовлені опитувальні дослідження, отримані відповіді, економетрична модель була побудована для емпіричного випробування цього взаємозв'язку, а дані анкет були оброблені програмою IBM SPSS v.25.0 як інструмент для надання статистичних висновків. Результати та пропозиції висвітлюються на відповідності t-тесту, незалежного тестового зразку, ANOVA та регресії, які були застосовані для тестування гіпотез.

Результати дослідження. Економетричні результати свідчать про те, що проведення службової атестації відповідним чином і для відповідних цілей покращує задоволеність роботою, задоволеність працівників і мотивацію працівників та, як результат, якість робочого життя.

Теоретичне значення дослідження. Розширено думки та змінено судження стосовно впливу службового атестування на якість трудового життя.

Практичне значення дослідження. Практична користь дослідження полягає в тому, що за його результатами керівництво отримує рекомендації здійснення оцінок продуктивності (службового атестування) для покращення результатів роботи своєї організації.

Оригінальність/Цінність/Наукова новизна дослідження. Визнано важливість якості трудового життя. Це перша стаття, у якій вивчене взаємозв'язок між службовою атестацією та якістю робочого життя і з'ясовано їх взаємодію за допомогою класичних методів.

Обмеження дослідження/Перспективи подальших досліджень. Прогнози для подальших досліджень полягають в аналізі співвідношення параметрів оцінки ефективності та QWL, додавання інші змінні, що опосередковують або зменшують відношення цих двох змінних.

Тип статті – емпіричний.

Ключові слова: оцінка персонала; якість трудового життя; задоволення від роботи; задоволеність працівників; мотивація.

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Службова атестація та якість трудового життя

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Цель работы – выявить взаимосвязи между оценкой производительности и качеством трудовой жизни. Явным образом исследовать влияние оценки деятельности фірм на качество трудовой жизни (QWL).

Дизайн/Метод/План исследования. Исследование основано на данных трех предприятий, действующих в Республике Косово, с девяносто семь (n=97) отдельными респондентами (работниками). На основе подготовленных вопросников получены ответы и разработана эмпирическая модель для эмпирической проверки взаимосвязи. Результаты опроса обработаны с помощью программы IBM SPSS v.25.0 в качестве инструмента для предоставления статистических результатов. Результаты и предложения выдвигаются с помощью согласованного критерия Стьюдента, ANOVA и регрессии, которые применялись для проверки гипотез.

Результаты исследования. Эконометрические результаты свидетельствуют о том, что проведение служебной атестации соответствующим образом и для соответствующих целей повышает удовлетворенность работой, удовлетворенность сотрудников, мотивацию сотрудников и, как следствие, качество трудовой жизни.

Теоретическое значение исследования. Расширено мнение и изменены суждения о влиянии служебной аттестации на качество трудовой жизни.

Практическое значение исследования. Практическая польза исследования заключается в том, что, основываясь на его результатах, руководство получает рекомендации по надлежащему осуществлению оценки производительности (служебной аттестации) для повышения качества трудовой жизни и, как следствие, для повышения эффективности организации.

Оригинальность/Ценность/Научная новизна исследования. Признана важность качества трудовой жизни. Это первая статья, в которой изучена взаимосвязь между служебной аттестацией и качеством трудовой жизни и выяснено их взаимодействие с применением количественных методов.

Ограничение исследования/Перспективы дальнейших исследований. В дальнейших исследованиях возможно проанализировать соотношение параметров оценки производительности и QWL, добавляя другие переменные, которые опосредуют или уменьшают соотношение этих двух переменных.

Тип статьи – эмпирический.

Ключевые слова: оценка персонала; качество трудовой жизни; удовлетворение от работы; удовлетворенность работников; мотивация.
1. Introduction

This paper aims to find out the fundamental role of performance appraisal on the quality of working life. In the terms of up-to-date market competition with tremendous pressure towards globalization, when innovations become the dominant factor in the social and economic development context, and on the clear and crucial orientation for the human capital, have created new challenges for businesses and their managerial system. Appropriate dealing with human resources helps an organization to increase its performance (Mulolli et al., 2015). So, high QWL is essential for organizations to persist in attracting and retaining employees (Sandrick, 2003). According to this issue references, QWL is a comprehensive, department-wide program designated to improve employee satisfaction, strengthen workplace learning and help employees better manage the change and transition. Dissatisfaction with QWL is a problem, which affects almost all employees regardless of position or status (Saraji & Dargahi, 2006). According to them, a lot of managers seek to reduce dissatisfaction at all organizational levels, including their own. However, this is a complex problem as it is difficult to isolate and identify all of the elements affecting the QWL (Walton, 1973). The first problem in management for QWL is to identify the domain of working life that can be included as corporate stewardship and responsibility (Mirvis & Lawler, 1984). For example, human capital theorists regard employee's services as inputs to the firm’s production function. Thus employees are regarded as 'resources' because the future service potential (Flemmold, 1972). This implies that organizations are responsible for providing jobs, performance appraisal, training, and compensation to employees for these influences over the future service potential of employees and ultimately, their 'value' to the organization (Mirvis & Lawler, 1984). It is essential for all, especially for managers to understand in detail such challenges, in order to increase the ability for business success using employees as the organization's worthiest resource. In the developed and developing countries, human resources that are selected and motivated well enough are considered as a competitive advantage for firms. A saying goes “the people's desire to perform at a high level requires setting high standards of performance”. Employees should know with accuracy the reason of their being in the payment list, what exactly is expected from them, and what provides a high performance. Nowadays, the organizations face hard competition, with unstable and turbulent environment, therefore managers ought to be focused on creating competing advantage through organization employees’ development. Performance appraisal of employees is one of the most efficient methods for employees’ development, job satisfaction, motivation, and evaluation, in modern times. These are direct impact factors on QWL. According to Mirvis & Lawler (1984), these broad perspective specific criteria of QWL are numbered and varied. Their diversity is due to the distinct disciplinary conception of QWL in each of the social science disciplines (Westley, 1979) and to change views of corporate responsibilities and employees' rights (Mirvis & Lawler, 1984). Despite differences in conception, target, and emphasis, two sets of criteria are common definitions of QWL. The first set encompasses papers’ features and working environment that influence employees' work lives, whereas, the second set includes criteria of employees' welfare and well-being. A review of these definitions highlights their disciplinary and historical development and provides the basis for developing an integrated definition of QWL (Mirvis & Lawler, 1984). According to Cherns (1975) QWL origins comes from symbiosis of structural, systems perspective of organizational behavior with the interpersonal, human relations, supervisory-style perspective, whereas (Seashore, 1975) stated that, a significant by-product of the approach to the QWL discussed was identification of the aspects of jobs and working environments that affect most strongly on the job satisfaction, job performance, and life-long wellbeing of employed. A worthy definition of quality of life by Felce and Perry (1995) described "quality of life is an elusive concept approachable at varying levels of generality from assessment of societal or community wellbeing to specific evaluation of the situations of individuals or groups." Whereas the quality of working life "...is described as the favorable working environment that supports and promotes satisfaction by providing employees with rewards, job security, career growth opportunities, etc." (Nanjundeswarasamy & Swamy, 2013). This is the core definition that stands behind this study. This study focuses on the way how performance appraisal can create a favorable working environment, and as a result to improve the quality of working life.

According to the findings by different authors, performance appraisal is a tool that by its measurements refers to the QWL practices, and has a direct effect on job satisfaction, motivation, and employee payments. Despite this importance, a few empirical studies are done to fill this gap in the literature and to enrich the human resource management literature with worthy evidence, this paper tries to show the relationship between performance appraisal and QWL practices, using quantitative methods. The reasons for this research are the lack of a good performance appraisal system by firms, to continuously evaluate employees and to make financial and/or non-financial rewards based on those performance appraisal results, which prevents them from improving their QWL.

The rest material of this paper is organized as follows: the first section overviews the literature on quality of working life, its origin and definitions, performance appraisal, and integration of these two concepts. In the second section, the hypotheses of this study were presented. Whereas, the third section, covers the methodology used for the literature review and testing hypotheses. Further on, sections four and five deal with the results of testing hypotheses, discussing results, and conclusions. At last, the sixth section is about the implications for users/research of this paper.

2. Theoretical background

Recently, people, their skills and acquaintances are considered as the most important resource that one company have, for this reason, it is not enough only to reward them, but it is necessary to appreciate them (Banfield & Kay, 2008), for great employee performance appraisal composed with reward system representing the most important part of performance appraisal management (Lussier & Henson, 2012). In this part, there are closely explained the quality of working life and performance appraisal, that are obtained from the findings of other authors related to these both concepts.

2.1. Quality of working life

Several, researchers and theorists were interested in the QWL concept meaning and tried to identify the kinds of factors determining such an experience at work (for instance: Seashore, 1976; Lawler, 1982; Mirvis & Lawler, 1984; Kolra & Ghosh, 1984; Kerce & Booth-Kewley, 1993). It is worth to mention that, decades before authors of the social sciences and humanities had shown real interest in work and, more specifically, in the relationship between workers' attitudes and behaviors, on one hand, and the company's productivity, on the other (Martel & Dupuis, 2006). The studies by sociologist Elton Mayo, at Western Electric's Hawthorn plant in 1933 – now recognized as “classic” – involved verifying the influence of environmental factors on plant workers' performance. Mayo’s results softened Taylor’s execution rules that had been applied until then. From that point on, the starting point towards a policy of humanizing employees' working conditions can be seen (Mayo, 1960). According to Elizzur and Shye (1990) at the beginning, QWL was synonymous with the employability rate, job security, earnings, and benefits. This listing of objective criteria soon gave way to job satisfaction as the target assessment criterion (Martel & Dupuis, 2006). Despite this shift to a more subjective construct, some researchers, such as (Lawler, 1975), remained convinced of the need for objective criteria to measure QWL.
The analysis of publications over the past 20 years highlights a number of attempts to empirically define QWL (Taylor, 1978; Levine, et al., 1984; Mirvis & Lawler, 1984). Although there is no formal definition of quality of working life (QWL), industrial psychologists and management scholars in general agree that QWL is a construct that deals with the well-being of employees, and that QWL differs from job satisfaction (Quinn & Staines, 1979; Staines, 1980; Neur, et al., 1980; Champoux, 1981; Kahn, 1981; Lawler, 1982). QWL differs from job satisfaction in the fact that job satisfaction is construed as one of many outcomes of QWL (Sirgy, et. al., 2001). According to that author, the QWL does not only affect job satisfaction but also satisfaction in other life domains such as family, social life, leisure, financial life, and so on. Therefore, the focus of QWL is beyond job satisfaction. It involves the effect of the workplace on satisfaction with the job, non-work life domains, and satisfaction with life overall, personal happiness, and subjective well-being. For example, Donna and Griffin (1999) view QWL as a hierarchy of concepts that includes life satisfaction (hierarchy peak), job satisfaction (hierarchy middle), and work-specific facet satisfaction such as satisfaction with wage, co-workers, supervisor, among others.

Why is the quality of working life (QWL) so important? There is some evidence showing that a happy employee is a productive employee; a happy employee is a dedicated and loyal employee (e.g., Greenhaus et al., 1987). Many researches show that QWL may have a significant effect on employee behavioral responses, such as organizational identification, job involvement, job satisfaction, job effort, intention to quit, job performance, personal alienation, organizational turnover (e.g., Carter et al., 1989; Efraty, & Sirgy, 1990; Efraty, et al., 1991; Sirgy, 2001; Rahman, et al., 2010).

In a classic study, Merrilue and Katzell (1955) found that the development of an 'employee relations index' contributed to some human resource management in a firm. More recently, (Nadler, et al., 1976) found that an 'ongoing feedback system' integrating personnel, performance, and survey measures of working life, when used effectively by managers, leads to higher job satisfaction, improved performance, and lower absenteeism and turnover. Sirgy, et al. (2001) built a hypothesis that emphasizes that job satisfaction is a positive function of QWL. The more so, there are numerous authors that have studied the same job satisfaction using a single indicator-item, commonly used in quality-of-life studies (e.g., Efraty & Sirgy, 1995; Efraty, et al., 1997).

2.2. Performance appraisal

Performance appraisal tends to improve work performance, communication expectations, and determining employees’ potential and helping employee satisfaction (Aggarwal & Thakur, 2013). Different definitions have been given for performance appraisal: “Performance appraisal!” is a process within the overall performance management process (Dowling, et al., 1999), it can be defined as the formal assessment and rating of individuals by their managers (Armstrong, 2012), and is defined as “evaluation of an individual’s work performance for achieving at objective personnel decisions” (Robbins, et al., 2000). Generally, performance appraisal aims to recognize the current skills’ status of their workforce (Shout & Youlif, 2014).

There are various techniques to evaluate employees’ performance appraisal (Armentrout, 1986; Stronge, 1991; Sanchez & De La Torre, 1996; Decenzo & Robbins, 1988; Arvey & Murphy, 1988; Jiang, et al., 2011; Hornik, 2006; Chung & Hahn, 2006; Deb, 2006; Randhawa, 2007; Jafar & Amir, 2009; Khurana, Khurana, & Sharma, 2010; Dvodković, 2013; Aggarwal & Thakur, 2013; Dagar, 2014; Islam, et al., 2018).

According to Giangreco et. al. (2012), performance appraisal of employees is a process which allows managers to evaluate, compare, and give feedback for employee performance and manage human resource in the organization. Whereas, Armstrong (2012), stressed that performance management can be defined as a systematic process that by developing individual and team performance improve organization performance. Performance management is a process that includes performance planning, appraisal, rewarding and development (Deb, 2006). On the other hand, Armstrong (2012) asserts that performance appraisal can be defined as a formal evaluation and individuals’ evaluation from their manager.

2.3. Integrated view of working life and performance appraisal

For this paper purposes, QWL is viewed as an economic, social, and psychological relationship between an organization and its employees. In functional terms, it can be represented as QWL=S(F,S), wherein P represents characteristics of the performance appraisal in an organization and S represents their effect on employees’ satisfaction, job satisfaction and well-being as individuals or members of an organization.

For example, to fulfill economic and social responsibilities to employees the organizations must provide a safe working environment, adequate and fair compensation, equal employment opportunities, and opportunities for job mobility and advancement (Mirvis & Lawler, 1984). According to the authors, human resource orientation adds further responsibilities to employers to provide supervision, jobs, influence, evaluations, and rewards that motivate and improve personnel. These criteria represent elements of an emerging ‘psychological’ contract (Yankelovich, 1978) between employers and employees as represented in contemporary views of a high QWL environment. Criteria of employee welfare and well-being, in its turn, include satisfaction with work and working environment, membership in the organization as reflected in absenteeism and turnover, and membership in the larger society as reflected in health and attitudes towards life, participation in familial and community institutions, and continued employability in a changing economy (Mirvis, & Lawler, 1984).

3. Research hypothesis

Ased on the above literature review this section presents the study of the hypotheses. By testing the current study hypotheses the gap in the existing literature for performance appraisal and the quality working life will be eliminated. In order to provide evidence about the relationship between performance appraisal and the quality working life, the below hypotheses were tested:

Hypothesis 1 (H1): Firms with high levels of employee performance appraisal have high levels of employee job satisfaction.

Hypothesis 2 (H2): The higher the lack of communication of employee performance appraisal results, the higher the employees’ disappointment.

Hypothesis 3 (H3): Performance appraisal of managers by employees has a positive relationship with increasing employees’ satisfaction.

Beyond these hypotheses, this study indicates other important findings that were collected by research questions presented in the questionnaires, the answers to research questions are shown and analyzed below in section four.

4. Data and Methods

To realize this study, the methodology of the combination of primary and secondary data was applied. The article has been prepared by using the analysis of secondary data for literature review (scientific publications and articles from specialized databases, such as Science Direct, Emerald, Springer, Emerald, Academy of Management, and ProQuest) and primary data in the form of results of the quantitative survey conducted in a sample firms (three firms) that operate their business activities in the service sector (information technology), in Republic of Kosovo. For the empirical analysis of the study, the data were gathered from a self-administered questionnaire by ninety-seven employees who...
worked in the three firms. The participant firms were chosen based on their annual turnover, with selecting three with the highest annual turnover firms. To measure the effect between variables in this study SPSS v. 25 programs have been used. Also, the interview was used as a tool to gather data from human resource managers of these companies.

4.1. Data Collection

This paper results are conducted by 97 valid questionnaires with full data analysis. The questionnaires were filled in three companies; those did every year performance appraisal, but until now they had not done any research to evaluate the effect of performance appraisal on improving the quality of working life. The designed questionnaire is for evaluation of the firm's employees regarding the effect of performance appraisal on their job satisfaction, employee's satisfaction, motivation, the disappointment of employees, rewarding system, the way how firms do the performance appraisal, result communication, and some other relevant issue of performance appraisal and QWL. Responded firms operate in the service sector (information technology). The scale used in the questionnaire is based on the 5-point Likert scale. Likert scale (1-not agree at all, to 5-strongly agree). Also, the questionnaire has several questions, like questions with "yes" or "no" answers, the question regarding "demographic data", and the question regarding "employees' careers".

4.2. Questionnaire and Interviews

In order to obtain the necessary data for this research, primary sources of information were mainly used questionnaires as the data collection tools, which were aimed at employees, in the three companies participating in this research. The questionnaires contained twenty vital questions. The questionnaires were distributed and filled in January 2019. Whereas, the interviews are used to gather information (from three HRM managers) by the human resource managers of these three firms. The results of these interviews are summarized (generalized) below in the discussion part and conclusions of this study, in section five.

4.3. Demographic data of respondent employees

Finally, ninety-seven questionnaires were duly completed, with presented data of respondents concerning demographic data such as respondent gender, respondent age, respondent education, and respondent work experience (see Table 1). The questionnaires are filled by employees of three respondent firms. The responded were chosen by the firms that operate in the service sector, among small and medium-sized firms form 1-250 employees.

4.4. The variables used

Independent variables: Performance appraisal (PA); Lack of results of communication (LRC); and Performance appraisal of managers (PAM). Whereas, Dependent variables: Job satisfaction (JS); Disappointment of employee (DE); and Employee satisfaction (ES). With SPSS software tested these variables, with the results derived from these econometric tests.

5. Results

The results are shown in two parts, in the first part, there are presented the descriptive analyses of some important questions. Whereas, in the second part there are presented the regression analysis for the tested hypotheses.

On descriptive analysis, there are presented six graphics for six main questions that have direct or indirect effects and are important for increasing employees' satisfaction, job satisfaction, reward system, and motivation, as a consequence, and on quality of working life.

5.1. Descriptive analysis

Fig. 1 presents the result of respondents' answers to the question if they think that performance appraisal helps them provide an atmosphere when all are encouraged to improve their aspects where they had stalled.

By the results, it is seen that most of the employees (about 68.5%) consider that performance appraisal is useful to create an atmosphere when all employees are encouraged to improve their work performance on the aspects that they had stalled before. The standard deviation of answers to this question is 0.468 (St.Dev.=0.468).

Fig. 2, shows the importance of performance appraisal on achieving employees' personal objectives.

The results below (Fig. 3) indicate that performance appraisal has a positive impact on achieving employee's objectives. Even though, a considerable number of employees are not agreed with that statement (about 37.5%). The standard deviation of answers to this question is 0.485 (St.Dev. = 0.485).

Fig. 4 shows some interesting results depicting that current performance appraisal applied by these three firms is not effective to support and improve employees' skills.

Table 1

<table>
<thead>
<tr>
<th>Demographic characteristic of the sample (respondent employees)</th>
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<tr>
<td>Demographic variable</td>
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<tr>
<td>Respondent gender</td>
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<tr>
<td>Male</td>
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<tr>
<td>Female</td>
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<tr>
<td>Respondent age</td>
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<tr>
<td>Over 50 years</td>
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<td>41-50 years</td>
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<tr>
<td>26-40 years</td>
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<tr>
<td>Up to 25 years</td>
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<tr>
<td>Respondent education</td>
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<tr>
<td>Bachelor</td>
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<tr>
<td>Master</td>
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<tr>
<td>Middle school</td>
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<tr>
<td>High school</td>
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<tr>
<td>Other</td>
</tr>
<tr>
<td>Respondent work experience in these companies</td>
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<tr>
<td>Over 10 years</td>
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<td>4-10 years</td>
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<tr>
<td>2-3 years</td>
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<tr>
<td>Up to 1 year</td>
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</table>

*Source: compiled based on Author's calculations.

1 Were used definition of Small and Medium Enterprises with European Union standards where <10 employees are micro, <50 employees are small, <250 employees are medium-size enterprise (European Commission, 2016).
About half of the respondents’ (Fig. 4) do not agree with the current performance appraisal used by their firm. The respondents were asked to indicate their opinion for the current method used by their firms for performance appraisal with this statement “Current performance appraisal used by your firm is closely related to career development.” The answers were as follows: 22.5% do not agree at all with this statement; 44.5% do not agree; 19% agree on a moderate scale; 10% agree, and 4% strongly agree. Other descriptive statistics for the answers are presented below in the box-and-whisker diagram, the minimum value is 1, the first quartile (Q1) is 2, the average value is 2, third quartile (Q3) is 3, and the maximum value is 5. It is worth to note that, the standard deviation of the answers is 1.066 (St. Dev. = 1.066).
Related to Fig. 5, respondents were asked to tell the method by which they were rewarded for a good performance. Their answers have shown some remarkable results; 56% said that they were not rewarded for a good performance. The respondents were asked to indicate their firm’s method used to reward employees “By which of methods described below your company rewards employees for good performance.” The answers were as follows: 24% with wage growth; 9% with gratefulness; 11% with promotion; and 56% with no reward. Other descriptive statistics for the answers are presented below in the box-and-whisker diagram, the minimum value is 1, the first quartile (Q1) is 2, the average value is 4, third quartile (Q3) is 4, and the maximum value is 4. It is worth to note that, the standard deviation of the answers is 1,270 (St.Dev.=1,270).

The last figure presents the employees’ opinion regarding Fig. 5 when they answered the question (yes or no) to express their views related to the role of reward on their work motivation (see Fig. 6). The results show that most of the responses 98% support the statement that the reward method increases employee motivation. The standard deviation of answers to this question is 0,142 (St.Dev.=0,142).

5.2. Regression analysis

Regression results for the first hypothesis (H). To measure the effect of the independent variable "PA" in the dependent variable "JS" regression analysis was used. The regression analysis is presented in Table 2. According to regression analysis, the independent variable that enters in analysis explains 57.0% of the dependent variable "JS" ($R^2=0.570$). Independent variable "PA" is positively related to dependent variable "JS" by predicting it for 71%, and is important statistically with significance level $\alpha=0.05$, ($b=0.710$, $p=0.012$), which means that for each 1 unit change in performance appraisal the job satisfaction of the employee changes by 71%.

<table>
<thead>
<tr>
<th>Model</th>
<th>Square ($R^2$)</th>
<th>Standardized coefficients ($\beta$)</th>
<th>Un-standardized Coefficients (b)</th>
<th>Standard error of variables (S.E)</th>
<th>Fisher test (F)</th>
<th>t-statistic (t)</th>
<th>Probability value (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>model cons.</td>
<td>0.570</td>
<td></td>
<td></td>
<td></td>
<td>37.971</td>
<td></td>
<td>0.042</td>
</tr>
<tr>
<td>(constant)</td>
<td></td>
<td>-3.379</td>
<td>1.817</td>
<td></td>
<td>-1.106</td>
<td></td>
<td>0.256</td>
</tr>
<tr>
<td>PA</td>
<td>0.645</td>
<td>0.710</td>
<td>0.117</td>
<td></td>
<td>0.256</td>
<td></td>
<td>0.012</td>
</tr>
</tbody>
</table>

According to Table 2, the "Beta" column indicates that increasing performance appraisal by 1 standard deviation, job satisfaction increases by 0.645 standard deviations.

Regression results for the second hypothesis (H). To measure the effect of the independent variable "LRC" independent variable "DE" regression analysis was used. The regression analysis is presented in Table 3. According to regression analysis, the independent variable that enters in analysis explains 51.3% of the dependent variable "DE" ($R^2=0.513$). Independent variable "LRC" is positively related to dependent variable "DE" by predicting it for 83.1%, and is important statistically with significance level $\alpha=0.01$, ($b=0.831$, $p=0.000$), which means that for each 1 unit change in the pursuing of lack of communication of employee performance appraisal results, the level of employees’ disappointment increases by 83.1%.

Do you think that these rewarding will increase your motivation to achieve your objective and organization objectives?

<table>
<thead>
<tr>
<th>Do you think that these rewarding will increase your motivation to achieve your objective and organization objectives?</th>
</tr>
</thead>
<tbody>
<tr>
<td>98 % Yes</td>
</tr>
</tbody>
</table>

Axis x: Yes – agree with the statement, No – not agree with the statement; Axis y: 0-100%
According to Table 3, the "Beta" column indicates that increasing the lack of results of communication by 1 standard deviation, the employee’s disappointment increases by 0.720 standard deviations.

Regression results for the third hypothesis (H₃). To measure the effect of the independent variable "PAM" independent variable "ES" regression analysis was used. The regression analysis is presented in Table 4. According to regression analysis, the independent variable that enters in analysis explains 70.7% of the dependent variable "ES" (R²=0.707). Independent variable "PAM" is positively related to dependent variable "ES" by predicting it for 62.1%, and is important statistically with significance level α=0.01, (b=0.621, p=0.000), which means that for each 1 unit change in performance appraisal of managers by the employee, the satisfaction of the employee changes (increases) by 62.1%.

### Table 3

<table>
<thead>
<tr>
<th>Model</th>
<th>Square (R²)</th>
<th>Standardized coefficients (β)</th>
<th>Un-standardized Coefficients (b)</th>
<th>Standard error of variables (S.E)</th>
<th>Fisher test (F)</th>
<th>t-statistic (t)</th>
<th>Probability value (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>model cons.</td>
<td>0.513</td>
<td></td>
<td></td>
<td></td>
<td>92.744</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(constant)</td>
<td></td>
<td>-0.763</td>
<td>0.324</td>
<td></td>
<td>-2.342</td>
<td>0.021</td>
<td></td>
</tr>
<tr>
<td>LRC</td>
<td>0.720</td>
<td>0.831</td>
<td>0.122</td>
<td></td>
<td>9.650</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

*Source: compiled based on Author’s calculations.*

According to Table 4, the "Beta" column indicates that increasing performance appraisal of managers by employees by 1 standard deviation, employee satisfaction increases by 0.523 standard deviations.

### Table 4

Regression analysis of dependent variable “employees’ satisfaction (ES)”, n=97

<table>
<thead>
<tr>
<th>Model</th>
<th>Square (R²)</th>
<th>Standardized coefficients (β)</th>
<th>Un-standardized Coefficients (b)</th>
<th>Standard error of variables (S.E)</th>
<th>Fisher test (F)</th>
<th>t-statistic (t)</th>
<th>Probability value (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>model cons.</td>
<td>0.707</td>
<td></td>
<td></td>
<td></td>
<td>212.823</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(constant)</td>
<td></td>
<td>0.213</td>
<td>0.110</td>
<td></td>
<td>1.865</td>
<td>0.066</td>
<td></td>
</tr>
<tr>
<td>PAM</td>
<td>0.523</td>
<td>0.621</td>
<td>0.092</td>
<td></td>
<td>14.588</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

*Source: compiled by Authors.*

### 6. Discussion and conclusions

The purpose of this research is to find out the effect of performance appraisal in increasing the quality of working life by analyzing different aspects of performance appraisal, in order to emphasize how the application of each performance appraisal element effects on job satisfaction, employee satisfaction, and employee motivation.

This part discusses the impact of each research question presented above by Figures in the QWL. All answers that were presented in those Figures represent a direct or indirect effect of performance appraisal on quality of working life.

The first research question results represented in Figure 1, suggested firms to apply performance appraisal as it helps the employees to improve their performance and consequently become more satisfied with their job. When employees are satisfied with their job, their motivation to do that job also rises constantly, and finally, it enables them to increase their productivity and QWL. Performance appraisal makes employees aware if they get stalled to achieve their goal after employees take the results of their performance, they start to analyze all aspects when they were or were not good enough. Consequently, they change the manner of doing that job when the result shows that he/she got stalled. So, employees improve their ability to work and increase their job safety. Job safety, on the other hand, is one factor that effects on QWL.

The second research question results represented in Fig. 2 performance appraisal helps employees to achieve their personal goals. When an employee achieves own personal goal its motivation is increased to achieve other personal goals constantly and to motivate or stimulate his/her colleagues. After the employee performance is increased, it causes the increment of employee motivation, and both these, enable the growth of employee productivity. Productivity is one of the factors which has a positive relationship with QWL. According to this, the whole process has a positive effect on QWL increasing.

The third research question represented in Fig. 3, is explained why managers should be constantly aware of the successful job of employees and how this activity increases QWL. When managers are aware of the positive performance of their employees, they support employees in further work. Whereas employees’ knowledge that a good performance is appreciated and rewarded by managers, increase their efforts for further work constantly. Also, effort increases the employee’s job safety.

The fourth research question results represented in Figure 4 taken by respondent employees showed that when a working company is not doing the performance appraisal for the primary goal that it should be done. Those firms do not use performance appraisal to achieve a specific goal. The aim of their performance appraisal is to find out how to achieve organizational goals, and not to develop the career of employees. It reflects that firms have short-term period planning because for the long-term period they have to use the performance appraisal as a tool to develop their employees. With the increase in the employees’ performance, the firms’ performance goes in the same direction. Why? It is because the firms’ performance equals the value of working employees’ performance.

Fifth research question represented in Figure 5 are closely related to findings from previous research question to confirm the latter findings. The three of respondent firms do not apply enough or appropriate rewards to employees that have shown a good performance. Based on the literature, authors agree that is not only one way to reward employees, but different employees also prefer different rewards, some employees prefer to increase their wage, other employees like some gratefulness or promotion, some other want to ensure the job safety or equitable pay. It is required by managers to learn from each employee their motives in order to make adequate rewards that increase employees’ satisfaction. Implementation of performance appraisal results by firms in this way, improve the employees’ QWL. A performance appraisal...
The first hypothesis ($H_1$) has declared that "firms with high levels of the employee performance appraisal have high levels of employee job satisfaction." When the firm applies regularly performance appraisal, it enhances its personnel job satisfaction. Empirical findings results of performance appraisal showed 71% of job satisfaction, based on this result $H_1$ is accepted ($H_1^{↑}$). 

The second hypothesis ($H_2$) has declared that "the higher the level of lack of communication of employee performance appraisal, the higher the level of employees' disappointment." When the firm applies performance appraisal but the results do not distribute and discussed with employees it enhances its personnel disappointment. Empirical results show that lack of communication of performance appraisal explained 83.1% of employee disappointment, based on this result $H_2$ is accepted ($H_2^{↑}$). 

The third hypothesis ($H_3$) has declared that "Firms with high levels of employee performance appraisal have high levels of employee job satisfaction." The firm managers' performance appraisal by employees increases employee satisfaction. Empirical findings show that managers' performance appraisal by employees explained 62.1% of employee satisfaction, based on this result $H_3$ is accepted ($H_3^{↑}$). 

To find the relation between variables of this research three independent variables "PA", "LRC", and "PAM" were presented, including three depended variables "IS", "DE", "ES". Three proposes have been made in the form of hypotheses: $H_1$, $H_2$, and $H_3$. Regression analysis has been found enough information for the relation between performance appraisal and QWL. Regression results have supported three hypotheses raised in this research.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Accepted/Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_1$: Firms with high levels of employee performance appraisal have high levels of employee job satisfaction.</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_2$: The higher the level of lack of communication of employee performance appraisal, the higher the level of employees' disappointment.</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_3$: Performance appraisal of managers by employees has a positive relationship with increasing employees' satisfaction.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: compiled by authors.

<table>
<thead>
<tr>
<th>Table 5 Summary of hypothesis testing*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis</strong></td>
</tr>
<tr>
<td>$H_1$: Firms with high levels of employee performance appraisal have high levels of employee job satisfaction.</td>
</tr>
<tr>
<td>$H_2$: The higher the level of lack of communication of employee performance appraisal, the higher the level of employees' disappointment.</td>
</tr>
<tr>
<td>$H_3$: Performance appraisal of managers by employees has a positive relationship with increasing employees' satisfaction.</td>
</tr>
</tbody>
</table>

*Source: compiled by authors.
identified, the extent to which each element improves or exacerbates the employee satisfaction and happiness. This paper’s findings show that a performance appraisal is an essential tool for increasing employees QWL, and for HR development. Obviously, this performance appraisal research results must be supported by managers to achieve a good quality of working life and to better performance for their firms.

7. Implications

The current paper validates the employees’ QWL that have been generally undefined and with a high degree of inconsistency in people’s understanding. Although some firms have realized the importance of increasing employees QWL, they often do not know exactly what to implement, due to a lack of understanding of what factor causes an increase in QWL. By offering, developing, and confirming the employees QWL, operational value of the performance appraisal and by demonstrating its efficacy in enhancing employee quality of working life, the current research provides HR managers with a useful tool for integrating the comprehensiveness of performance appraisal and QWL.

As today’s HR competition by firms is moving towards “quality of working life”, more and more firms are increasingly adopting strategies to increase their QWL.

The findings of this research support the view that the application of employee performance appraisal can have a discernible effect on the quality of working life and on improving the performance of the firm. The guideline that derives from the findings of this research can serve as a good way for HR managers to start improving their employee QWL should follow the following steps: (a) including the employees in designing the performance appraisal system; (b) always motivate high-performance employees; (c) create a clear policy about reward methods; (d) link the performance appraisal system with employee career development; and (d) create three dimensional a performance appraisal system.

References


