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Employee’s performance evaluation and its role in the organizational improvement through human resource management

Abstract. Nowadays, all public and private organizations need a performance evaluation system for development and sustainability, in which they can measure the efficiency and effectiveness of their organization’s programs, processes, and human resources. The aim of the present study is to investigate the impact of human resource and their dimensions on organizational performance. The present study is applied in terms of its purpose, is classified as descriptive research, and was conducted using a survey method and a questionnaire-based tool. The statistical population of this study is the employees of the Stock Exchange Organization during 2020-2203, including 250 employees and specialist managers was obtained with the help of the Cochran formula. The method of data analysis was the structural equation modeling technique using the path analysis technique in the LISREL 8.88 software.
The results of the hypothesis analysis show that the tool of employee performance and human resource management has a positive and significant impact on the organizational performance of the Uzbekistan

Stock Exchange. In this regard, by evaluating employees, «criteria» are developed instead of «relationships» in administrative affairs, and by evaluating, it is also possible to determine the level of ability and power of individuals in performing assigned tasks and responsibilities. Undoubtedly, for the achievement of the organization's goals and its survival, growth and dynamism, identifying creative, innovative and innovative human resources is of vital importance. In this regard, employee performance evaluation, as one of the most effective tools of recognition and control, plays an important role, because it can be taken towards effectiveness, motivation and ultimately towards increasing the quantity and quality of employee performance.
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1. Introduction and Brief Literature Review

Today, the human factor is considered the most key and sensitive organizational element, and most new theories of organization and management have also referred to such a sensitive factor; therefore, in order to be aware of the results of human resource performance in relation to the expected efficiency and effectiveness, employees in the organization are evaluated. Thus, by recognizing the weaknesses of the employee, the shortcomings of the organization and the honest and quality forces, the necessary measures for improvement are taken (Liu et al., 2007). Today, it is a tangible and obvious fact that every individual in the organizational process must be placed in his or her real position according to his or her actual capabilities and abilities and be continuously assessed with various assessments. In this way, effective steps can be taken to achieve the set career goals and improve the status of the human resources and to be aware of the shortcomings and eliminate the shortcomings.

Therefore, establishing a correct management system in every organization and creating initial facilities for the use of logical tools for managers to control the quantity and quality of work in different fields are among the important issues that are discussed in the management of every organization as the foundation and infrastructure of work. The use of these tools and creating a suitable basis for realizing them in different ways and adapting them to the needs of the organization are among the most important issues that are discussed in the management of every organization. The real organization will enable managers to make the most of the available resources to increase efficiency and enhance employee performance. Since achieving success in any organization depends on the optimal use of these scientific tools and creating coordination and achieving the necessary cooperation, it is necessary for managers of organizations to be vigilant in searching for such tools and to use them in order to maintain and maintain human resources (Otoo, 2019; Jasiyahet al., 2025).

Gomes & Mendes (2023) in a study examining the necessity of performance management in organizations and its theoretical foundations, concluded that performance management is an integrated activity whose goal is to strengthen and institutionalize performance management as an underlying system of the organization. In a study, Cohanier (2014) presented the design of a performance management system for a commercial company using qualitative and quantitative methods and concluded that the performance management system for implementation includes various processes and guidelines. In addition, a time frame of the system was presented to provide a clear picture of how the processes were carried out throughout the year. This research provided practical experiences and in-depth knowledge in performance management and human resources in a growing company. Asamany & Shaorong (2018), studied a sample of 180 managers and employees of 38 small and medium-sized companies. The effects of performance management systems on employee perception and organizational (affective) commitment were addressed in small and medium-sized organizations. According to the research findings, performance management has a significant and positive relationship with employee perception and affective organizational commitment. Raj Adhikari (2010) addressed the design of a performance management model with a human resources development approach in the government sector. This research was conducted using the qualitative content analysis method in the model extraction section and based on a field survey for its evaluation, which led to the design of the desired performance management model for human resources development in government agencies of the country.

Performance management is a strategic and integrated process that leads to continuous improvement and development of employees' abilities and the creation of teamwork and collective efficiency, and ultimately the improvement of the organization (Kareem & Hussein, 2019). Performance management is also a systematic approach that, through the processes of determining strategic performance goals, determining indicators, collecting and analyzing data, reviewing performance data reports, and utilizing their results, leads to the improvement of the organization's and employees' performance (Alsafadi & Altahat, 2021). Performance management should be observed and implemented as a continuous process. The achievements of performance management for the organization include (Afiouni, 2007):

- Business system prosperity: This is because through performance management mechanisms, each employee and organization's systems are directed towards the organization's goals.
- Producing the desired culture: Performance management is an organizational culture-building system. After a while, organizational culture becomes weak under the influence of various factors, and this cultural weakness affects and reduces the performance of employees and the organization; therefore, the culture of any organization needs to be improved and revised, and those cultural components that have lost their usefulness must be eliminated and replaced with new components. This cultural elimination and replacement can be done through performance management.
- Promoting effective leadership: Performance management, with its mechanisms, promotes effective leadership because performance management is able to create vision, shape feedback and interaction, and clarify the expectations of leadership and subordinates in the organization.

2. Method

The main hypothesis of the present study is to test (confirm or reject) the existence of a significant relationship between employee performance evaluation by human resource management and performance improvement in the Uzbekistan Stock Exchange. This article attempts to prove this relationship using statistical and research methods. Performance improvement indicators are divided into four sub-indicators: «job satisfaction», «organizational commitment», «and unwillingness to leave the service «and» employee tendency to training». The number of employees was 1320 in 2022-2023, and the following formula was used to determine the sample size of the statistical population (Columb & Atkinson, 2016):

$$n = \frac{NZ^2 p(1-p)}{2[\varepsilon^2 (N-1) + Z^2 \frac{p(1-p)}{2}]}, \tag{1}$$

where:
N is the total number of employees;
p is the success rate and is taken equal to 0.5;
ε is the estimation accuracy and the mean is 0.1;
z is the confidence interval and is equal to 1.96.

2.1. Data Collection and Analysis Method

The main method of data collection in this study is the use of questionnaires. The reasons for using questionnaires are: Time saving; Cost saving; Data extraction and analysis in the questionnaire method is easier than other data collection methods; Due to the standard and uniformity of the questions, the answers given are more reliable; Compared to other methods, the possibility that the contents and opinions expressed in the anonymous questionnaire are closer to reality is greater. Also, in this study, in some cases, the researcher had to have oral interviews with some managers and employees to understand the material and discover the facts, and the information collected with this method was used in data analysis and conclusions.

In this study, a questionnaire was used to measure the impact of performance appraisal on performance improvement. The method of doing the work was as follows: evaluation worksheets were provided to the managers along with explanations about the work method and interview methods, and they were asked to evaluate the employees under their supervision and finally provide the results to the employee through an interview. Although this stage of the research had some problems, it was completed within two weeks due to the researcher's presence at the Stock Exchange and his familiarity with the managers.

Questions 1 to 5 were dedicated to measuring the effect of performance appraisal on job satisfaction, and questions 6 to 10 measured the effect of performance appraisal on organizational commitment. Three questions 12, 11, and 13 also measured the third hypothesis, which is about the effect of performance appraisal on employees' unwillingness to leave the service. Finally, questions 14 to 20 were used to measure the fourth hypothesis, namely the effect of performance appraisal on employees' tendency to train.

3. Results

To examine the normality of the research constructs, the Kolmogorov-Smirnov test was performed. The statistical hypothesis of the Kolmogorov-Smirnov normality test is as follows:
H0: The data are normal (the data come from a normal population)
H1: The data are not normal (the data do not come from a normal population).

If the significance level is greater than the error value of 0.50, there is no reason to reject the null hypothesis, and if the significance level is less than the error value of 0.50, the hypothesis is a result. As can be seen in Table 1, since the significance level for all variables is greater than the error value of 0.50, the null hypothesis is confirmed, meaning that the research variables are all normal and there is no obstacle to performing parametric tests and structural equation modeling techniques. The value of the Z statistic is also given in this table.

Table 1:
Results of Kolmogorov-Smirnov test for research variables

Research variable	Z-statistic	Significance level	Hypothesis result
HR	0.711	0.588	Normal
OP	0.562	0.612	Normal

Source: Authors' own findings

3.1. Testing the main research hypotheses through path analysis

To analyze data in the path analysis method, the first step is to examine the correlation between the research variables, and due to the normality of the data, the Pearson correlation test was performed. The results of this test for the variables are as shown in Table 2.

Table 2:
Correlation coefficients between independent variables and dependent variables with a confidence level above 95%

Research variable	HR	OP
HR	1	
OP	0.731	1

Source: Authors' own findings

As shown in Table 2, the correlation between the variables has been confirmed. After confirming the correlation between the variables, the path analysis technique has been used. The following structural model has shown the relationship between the independent variable «Human Resource» and «Organizational Performance». In this study, HR as the independent variable and OP represents organizational performance as the dependent variable. It should be noted that the confirmation or rejection of the hypotheses is determined in the case of significance. In other words, if the significance number is greater than the absolute value of 1.96, the hypothesis is confirmed (Figure 1).

In testing research hypotheses using the structural equation modeling method, the software output shows the suitability of the fitted structural model for testing the hypotheses (the ratio of $\chi 2$ to df is less than 3). Therefore, the value of $\chi 2$ is an appropriate and quantitative value. The value obtained for RMSEA (0.067) also indicates the suitability of the structural model fit. In other words, the data observed are largely consistent with the conceptual model of the research (Lacobochi, 2010). For example, the path coefficient of the effect of human resources on organizational performance is 0.94, which is significant at 6.11, confirming the research hypothesis. The results obtained for the microvariables of the research show that all the variables have a direct effect on organizational performance. The effect of the microvariables of

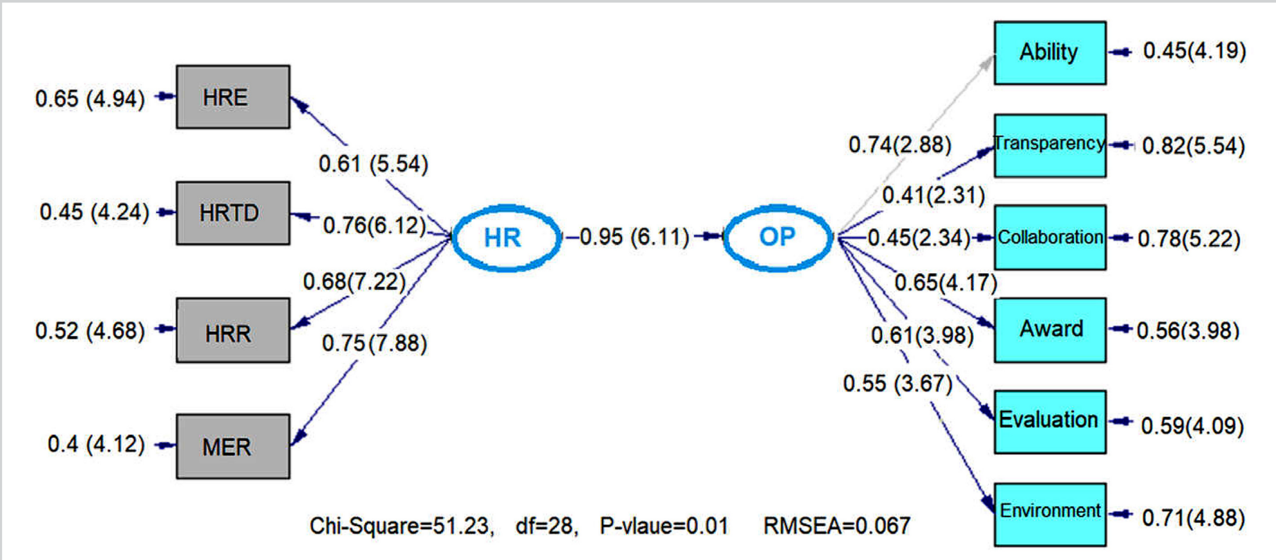

Figure 1:
Structural model in the case of significant coefficients and t-test
Source: Authors' own findings

human resources in four areas is as follows: human resource employee (HRE) $t = 5.54$; human resource training and development (HRTD) $t = 6.12$; human resource retention (HRR) $t = 7.22$ and management-employee relations (MER) $t = 7.88$, with the management-employee relationship showing the greatest effect.

Also, the results of the main hypothesis of the research on the impact of human resources on organizational performance, and its parameters for the standardized path coefficient are presented in Table 3. As shown in Table 3, the values of AGFI, GFI, and NFI are equal to 0.91, 0.90, and 0.89, respectively, which indicates the appropriateness of the model. Also, the values of the path coefficient and t-statistics indicate the intensity of the effect and the significance of the relationship, respectively.

Table 3:
Standardized Impact Coefficients and Critical Ratio

Path	Standard coefficient	Critical ratio	Significance	AGFI	GFI	NFI	Results
HR on OP	0.95	6.11	0.00	0.91	0.90	0.89	confirmed

Source: Authors' own findings

4. Conclusion

The present study investigated the effect of human resource management tools on organizational performance at the Stock Exchange Organization, which was confirmed by the statistical results of this hypothesis. Evaluation is an essential process in human resources. Performance evaluation is one of the duties of managers. Subjectivity and conflict in goals are considered problems in evaluation. Considering the methods mentioned in the above article for evaluating employee performance, integrated evaluation is better. Evaluation makes employees aware of the weaknesses of their performance and tries to strengthen it, thus improving the quality of products and improving the job behavior of employees and achieving goals of the organization.

After conducting the Pearson correlation test, the research hypothesis was confirmed, which claimed that there is a significant relationship between employee performance evaluation using the human resources management method and improving organizational performance. This hypothesis was confirmed with a confidence level of 95%. Considering this, it was determined that if employees are aware of the results of their evaluation and this evaluation is done fairly and without prejudice, it can be effective in increasing job satisfaction and improving organizational performance. According to the results of the research hypotheses in the designed model, it is recommended to the senior managers of the Stock Exchange Organization and managers of other organizations that, in order to further improve the organization's productivity, the most important indicators that reflect the individual, group, and organizational performance of employees should first be identified with the consensus of relevant experts, and, while determining the weaknesses and strengths of individuals, efforts should be made to empower employees in the indicators where there are weaknesses. Considering the identification of the strengths and weaknesses of individual, group, and organizational performance of the employees of the Stock Exchange Organization in the designed model, it is suggested that focusing the management of individual, group, and organizational performance by the organization's senior managers on improving weaknesses and further enhancing strengths, as well as improving the relationship and creating interaction between managers, owners, and employees, can play an effective role in improving the organization's performance.

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