

# **ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES**



## **Assessment and Evaluation of performance appraisal practices in Ethiopian airlines**

**BY: BINYAM WUBSHET CHERNET**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR AWARD OF MASTER  
DEGREE IN BUSINESS ADMINISTRATION**

**June, 2015  
Addis Ababa**

# Assessment and Evaluation of performance appraisal practices in Ethiopian airlines

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**SGS/0152/2006**

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## **Endorsement**

This is to certify that Binyam Wubshet has carried out his research on the topic titled Assessment and Evaluation of performance appraisal practices in Ethiopian airlines. The work is original in nature and is suitable for submission for the award of Masters Degree in Business Administration.

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## **Declaration**

I hereby declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of materials used for the thesis have been duly acknowledged.

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Date

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**Binyam Wubshet**

**2015**



## **Acronyms and abbreviations**

HR - Human resource

HRM - Human resource management

ET - Ethiopian airlines

PA - Performance appraisal

PAP - Performance appraisal

BSC – Balanced score card

SD – Standard deviation

## **Abstract**

*Performance appraisal is one of the most important tools in human resource management. Evaluating and documenting employee's performance is very necessary both from human development side and strengthening the overall organization performance to this effect no matter how large or small in size organizations use a performance appraisal system. This study assessed and evaluated the performance appraisal practice of Ethiopian airlines especially the major components such as Setting performance expectation/goal, Rater knowledge, Appraisal content, Feedback, Accuracy and Fairness of rating, Explaining rating decision, Appeal Procedure and Purpose of PA, descriptive study of conclusive research design was used as a methodology to the research, data was obtained by questioners collected from 350 respondents in the head office. An interview was also conducted with 6 management stuffs including human resource managers and randomly selected 6 employees. The finding of the study indicated that respondents perceive the performance appraisal process lacks good implementation, thus expressing their dissatisfaction on the appraisal system. Respondents perceived that purpose of performance appraisal in motivating or developing employees was hardly in effect. Respondents indicated their relevant agreement with the content of the system and feedback process and appeal procedure of the performance appraisal system.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Back ground of the Study

Performance appraisal system of an organization is the most important part of human resource management in enhancing the human resource capacity for the success of a business. Performance appraisal is a formal method for assessing how well an individual employee is doing with respect to assigned goals, motivate good performance, provide constructive feedback, and set the stage for an effective development plan. (Harvard business essentials series, 2006).

The above definition argues that performance appraisal is not only grading someone on their assignment, rather it's a process that from setting goals to asses employees performance and provides incentives or developmental packages where applicable.

In sensitive and intense environment like airline industry, Sophisticated and state of the art machines are not enough to be the best in the business. The quality and the extra effort of employees is vital, with this regard performance appraisal system plays a great role in creating this essential necessities.

The research was conducted at Ethiopian airlines head office. Through observation, student researcher has located some gaps in the performance appraisal process of Ethiopian airlines as well clear purpose of the system has not been clarified and or consistently implemented, therefore, the study tried to asses and evaluate the performance appraisal practice of the airline.

With this regard the study focuses on Ethiopian airlines performance appraisal practices, such as the identification and utilization of the tool the airline uses for PA as well as on gaps of the process of the PA system.

### 1.2 Back ground of the Ethiopian airlines

Ethiopian Airlines is a Government owned enterprise which was founded on December 21, 1945 and started the actual operation on 08 April 1946. Ethiopian Airlines (Ethiopian) is the flag carrier of Ethiopia. During the past sixty five plus years, Ethiopian has become one of the continent's leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence. Operating at the forefront of technology, the airline has also become one of

Ethiopia's major industries and a veritable institution in Africa. It commands a lion's share of the pan African network including the daily and double daily east-west flight across the continent. Ethiopian currently serves 83 international destinations operating the newest and youngest fleets.

The Airlines has its own special features to comfort the customers for instance Cloud Nine(Business Class) services, VIP lounge, in Economy Class passengers are offered 12 audio channels with access to a video library of more than seven titles plus the Airline also provides Frequent Flyer Program named Sheba Miles . As a member of Sheba Miles, members accumulate miles which will entitle them to award tickets, upgrades, access to executive lounges, additional free baggage allowance and many other privileges. The more they fly the higher the benefits. Since December 2011, Sheba Miles has a frequent flyer program partnership agreement with over 27 airlines including all the Star Alliance member airlines and over 10 non-airline partners (hotels, restaurants, shopping centers etc...). Where members have the privilege to earn and redeem miles whenever they use the services of these partners. All this in one package comes together in order to treat all customers by making their flying experience delightful with Ethiopian airlines. Moreover the Airline provides various services related to the airline industry including Cargo Services, Aircraft Maintenance, Catering services and Aviation Academy.

Currently Ethiopian Airlines Enterprise owns 75 Aircrafts and creates Job Opportunities for more than 8,470 employees. The organization holds a strategy to generate a total profit of 9.5 billion birr to increase its work force up to 20,000 as well to add the fleet size to 108 by the year 2025 G.C.

## Organization Structure of Ethiopian Airlines

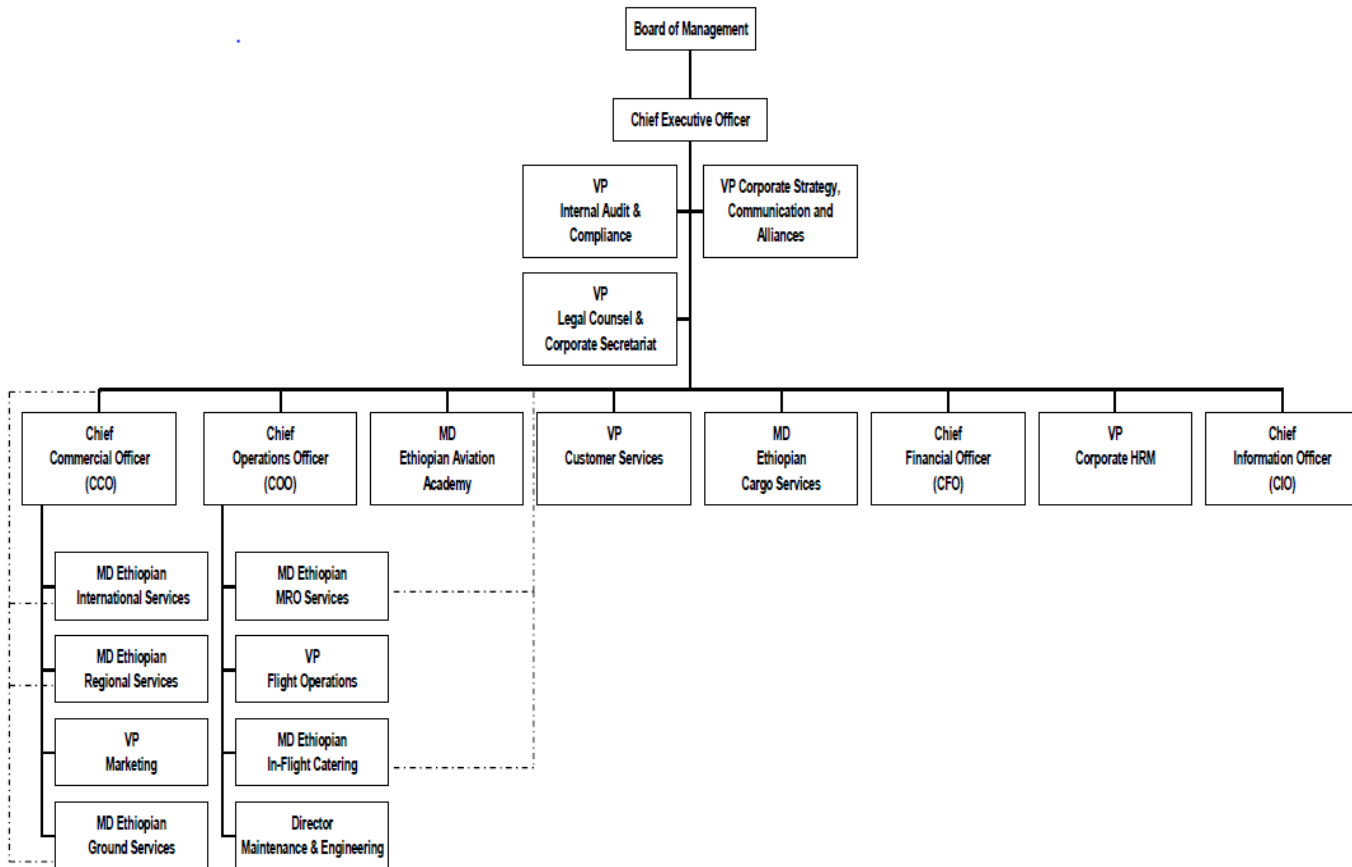


Figure 1.1 Organizational structure of Ethiopian airlines

## 2. Statement of the problem

Performance appraisals play an integral role in the employer's performance management process, it does little good to translate the employer's strategic goals into specific employee's goals, and then train the employees, if you don't periodically review your employee's performance. (Dessler, 2005)

Managers uses' the result that is obtained from the performance appraisal for deciding whether to reward the employee or not. But if the appraisal form is designed improperly or the rater is biased, employees that should have get a proper development will not be promoted. It's difficult to retain best employees without a properly designed and a biased free appraisal method.

Hence the study assessed and evaluated the Performance Appraisal practices at Ethiopian airlines, as an airline the performance of employees is vital in its service and should be carefully addressed.

Based on preliminary interview with change and performance manager and actual observation of the student researcher, the problem associated with performance appraisal in Ethiopian airlines are gaps in the performance appraisal process especially in the monitoring and evaluation stages; Employees have stated that the purpose of the evaluation has not been clear as it has not been followed by motivational rewards or proper training need fulfillment. The performance manager stated that the middle and lower level managers lack understanding of the PA system and refused to participate in many trainings despite many calls from the performance and change management section with the reason of work load.

Considering the research problem and objectives the researcher has presented and answered the following research questions:

- For what purpose the airline uses the performance appraisal result?
- What are the gaps in the performance appraisal process of the airline?
- What are the performance appraisal tools used in Ethiopian airlines?
- Who is responsible to appraise and what considerations are taken to minimize rater bias?

### **3. Objective of the study**

#### **3.1 General objective**

The main objective of the study is to assess and evaluate the performance appraisal practices and problems associated with evaluation of employee's performance in Ethiopian airlines.

### **3.2 Specific objectives**

- To identify the purpose of the performance appraisal practices of Ethiopian airlines.
- To identify the gaps in the performance appraisal process of the airline.
- To see who is responsible to appraise and evaluate the level of knowledge possessed by appraisers on the job being evaluated.
- To identify the performance appraisal tools used in the airline and evaluate the utilization of the tools.

### **4. Significance of the study**

Ethiopian airlines will use the views and findings in the study to solicit the existing drawbacks on the Performance appraisal practices in general or in the process in particular.

This study will also benefit by being a reference to future research to be conducted in the area of the study.

### **5. Organization of the research**

The study is organized into five chapters.

Chapter one explains back Ground information, statement of the problem, objective of the study and significance of the study.

Chapter two reviews relevant literature on the research problems and concepts with specific reference to how it applies to Ethiopian airlines. Chapter three explains the research methodology adopted for the study and relevant justifications. It outlines the methodology for carrying out the secondary and primary data collections and how results will be analyzed. Chapter four presents the primary and secondary data analysis. Finally chapter five presents conclusion and recommendation of the study.

# **CHAPTER TWO**

## **REVIEW OF RELATED LITERATURE**

### **2.1 Introduction**

In any organization the success of the business is greatly affected by the performance of its employees, in this regard employers are usually if not always concerned in enhancing their employee's performance.

In this section of the study an overview of the performance management and performance appraisal definition, purpose, processes, responsibility to appraise and tools of performance appraisal will be presented.

### **2.2 What is Performance Appraisal?**

Performance appraisal is a formal system of periodic review and evaluation of an individual job performance (Mondy & Noe, 1990).

Bloisi (2007) explained Performance Appraisals (PA) is the assessment of individual's performance in a systematic way. It is a developmental tool used for all round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health. Assessment should be confined to past as well as potential performance also. The second definition is more focused on behaviors as a part of assessment because behaviors do affect job results.

Bloisi (2007) further explained The performance appraisal process should establish employees' goals and be linked to the organization's strategic goals. Carried out correctly, the performance appraisal process should:

- Tell top performers that they are valued by their organization
- Ensure that all employees doing similar jobs are evaluated using the same standards
- Help an organization identify its strongest and weakest employees



- Legally justify HRM decisions such as promotions, bonuses, discipline and redundancies
- Encourage collaboration and co-operation

### **2.3 Why Appraise Performance (Purpose of PA)**

Dessler (2005) identified several reasons to appraise subordinates performance first, appraisals play an integral role in the employer's performance management process, it does little good to translate the employer's strategic goals into specific employee's goals, and then train the employees, if you don't periodically review your employee's performance. Second, the appraisal lets the boss and subordinate develop a plan for correcting any deficiencies the appraisal might have unearthed, and to reinforce the things the subordinate does correctly. Third, appraisal should serve a useful career planning purpose by providing the opportunity to review the employee's career plans in light of his or her exhibited strengths and weaknesses. And last but not least, the appraisal almost always affects the employer's salary raise and promotional decisions.

Moreover performance appraisal can serve in improving the current as well as future performance of employees if followed by systematic training and development which boosts motivation and job satisfaction.

### **2.4 The performance appraisal process**

It has also been suggested that employees attitude about the reaction toward the performance appraisal process are among the most important criteria to consider when evaluating the usefulness of performance appraisal system (Levy and Williams, 1998).

The performance appraisal process itself contains steps that should be followed for a meaningful outcome.

Dessler (2005) explained three steps; define the job, appraise performance and provide feedback. **Defining the job** means making sure that you and your subordinate agree on his or her duties and job standards. **Appraising performance** means comparing your subordinate's actual performance to the standards that have been set; this usually involves some type of rating form.

Third, performance appraisal usually requires one or more **feedback sessions**, here the two of you discuss the subordinate's performance and progress, and make plans for any development required.

When information about previous performance is used to focus an employee's attention on achieved levels of performance or how much is being done the message instructs him or her to orient future towards increasing subsequent performance. (Landy, Farr, and Jacobs, 1982)

Good or bad performance throughout the organization indicates how well the human resource function is performing (Werther and Davis, 1996).

The manager generally conducts the appraisal itself with the aid of predetermined and formal method like one or more of those described in this section. The two basic considerations in designing the actual appraisal tool are what to measure and how to measure it. For example, in terms of what to measure, we may measure the employee's performance in terms of generic dimensions such as quality, quantity, and timeliness of work. Or, we may measure performance with respect to developing one's competencies (as in the ability to use java), or achieving one's goals. In terms of how to measure it, you will see that there are various methodologies, including graphic rating scales, the alternation ranking method, and "MBO." (Management by Objectives) "The New Workplace" illustrates why choosing what to measure carefully is important.

## **2.5 Who can be responsible for appraisal?**

Effective appraisal can be done by those who have:

- The opportunity to observe performance;
- The ability to translate observation into useful assessments;
- The motivation to provide useful performance evaluations (Chatterjee, 1995).

Considering the above points the below can be responsible for performance appraisal

### **2.6.1 Immediate Supervisor**

An employee's immediate supervisor is a common choice for appraising job Performance. There are many of reasons for such system. Such as:

- The supervisor has the closest view to observe actual performance of subordinates.
- The supervisor is the one with the detail technical job knowledge of the employee being evaluated for most jobs.
- Since the supervisor has the proper understanding of organizational objectives, needs and influences, he/she is best able to relate the individual's performance to departmental and organizational goals.

### **2.6.2 Self-Appraisal**

If employees understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are in the best position to appraise their own performance (Mondy & Noe, 1990).

In most cases there is a tendency of exaggerating work achievement, while evaluating once self, this evaluation approach is used only as inputs to supervisory appraisals or as employee development tools.

### **2.6.3 Peer Evaluation**

In work place, peer is an individual working with and at the same level as the Employee. For the approach to work effectively, it is desirable for the peers to trust each other and evaluation should not be seen as means for pay raises and promotions rather as a means to improve work performance. As well the co-workers must know the level of performance of the employee being evaluated.

Peer appraisal is reliable if work group is stable over a reasonably long period of time and performs tasks that require considerable interaction (Mondy & Noe, 1990).

## **2.6.4 Group Appraisal**

Group appraisal involves the use of two or more managers who are familiar with the employee's performance to evaluate it as a team (Mondy & Noe, 1990). For example, if an individual regularly works with the administrative and financial managers, these two managers might jointly make the evaluation.

## **2.6.5 Subordinate Evaluation**

In this method, it is believed that employees are in a good position to view their immediate supervisor's managerial effectiveness. In academic environment:

- Students appraise the teaching performance of their instructors.
- Faculty members evaluate department heads, and deans.

## **2.6.6 Combinations**

The combination of the above appraisal approaches can provide greater insight into and employee's job performance.

## **2.7 Performance appraisal problems**

Performance appraisal helps the manager to identify those who should be rewarded for adequate or superior performance and those who should not. However such an approach can yield erroneous results if the appraisal form is designed improperly or if the rater is biased(M.Hodgetts, W.Hegar, 2005).

(Ibid) described three rater generated problem while appraising performance the first one is the halo effect its a phenomena when the appraiser gives a worker the same ratings on all factors, regardless of actual performance.

A second common rater generated problem is that of central tendency, in which everyone receives an average rating, regardless of how effective he/she has been. One of the greatest problems faced by managers who rate their people this way is that best worker looking for new jobs. One way of overcoming this problem is to use a paired comparison evaluation or an MBO (Management by Objective) approach. A third common rater generated problem is leniency, in which managers give all their people the highest possible rating, here again, failure to distinguish between those doing an outstanding job and those doing a poor job results inaccurate ratings.

One of the most common appraisal problem relates to clarity of the form.

M.Hodgetts, W.Hegar (2005) explained that if every appraiser does not have an identical interpretations of what the factors and their ratings mean, uniformity is impossible. Unless the factors are defined precisely and this information is made available to the evaluator, an employee might be rated fair by one manager and good by another. The situation is even worse if the factors or their ratings are not described at all. If each manager is using only his or her own judgment, performance evaluations will not be uniform throughout the organization.

## **2.8 Dealing with Appraisal problems**

The following five guidelines are presented by (M.Hodgetts, W.Hegar, 2005) in dealing with appraisal problems, much of this information is abbreviated form.

1. **be familiar with the jobs being evaluated**, the best way to make an effective appraisal is to know what the person has been doing. Some people can look productive while performing simple or meaningless tasks. They could be overrated, conversely, an effective worker might be understood by someone unfamiliar with the job. There is no substitute for work familiarity.

2. **Know the factors to be evaluated**, the following criteria can be used in deciding how well the individual is performing the job; work quantity, work quality, speed, accuracy, ability to get along with others and communication effectiveness, this factors should be job related so that individuals who do well on the job also receive high ratings.

3. **Let employees know the factors being evaluated**. This has a number of advantages. One is that the worker are aware of what they need to do to receive a good evaluation. The second is

that the amount of tension and anxiety often associated with being evaluated tends to decline. The third is that it lets the workers know that the evaluation is job related and not tied to such personal factors as an ability to get along with the boss.

4. **Measure the evaluation criteria appropriately.** Some jobs can be measured on a daily or weekly basis. For example secretaries of office workers often handle short term assignments progress can be evaluated from week to week. In contrast, sales people often experience certain seasons of the year that are better than others, and so their overall performance cannot be evaluated until you see how well they have done during the best sales month.

5. **Use the evaluation to help people do better.** Evaluations should not be punitive instruments. Using them to show people where they have made mistakes creates anger and resentment. Instead, evaluations should be used as learning tools for showing people where their performance needs to be improved. An effective evaluation performance needs to be improved. An effective evaluation can serve as a basis for personal training and Development.

## **2.9 Techniques/ Methods of Performance appraisals**

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

- Past Oriented Methods
- Future Oriented Methods

### **Past Oriented Methods**

1. **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can

be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater's biases

2. **Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weights by HR, does not allow rater to give relative ratings

3. **Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment. Advantages – Absence of personal biases because of forced choice. Disadvantages – Statements may be wrongly framed.

4. **Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution. Advantages – Eliminates Disadvantages – Assumption of normal distribution, unrealistic, errors of central tendency.

5. **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents. Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high. Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

6. **Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance. Advantages – helps overcome rating errors. Disadvantages – Suffers from distortions inherent in most rating techniques.

7. **Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department. Advantages – Useful for managerial level promotions, when comparable information is needed, Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

8. **Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful. Advantage – Tests may be apt to measure potential more than actual performance. Disadvantages – Tests may suffer if costs of test development or administration are high.

9. **Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self-expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

10. **Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promote ability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. Advantage – It is extremely useful in filling information gaps about the employees that often occur in a better-structured checklist. Disadvantages – It is highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

11. **Cost Accounting Method:** Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

12. **Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

- **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.
- **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under



$$N \times (N-1) / 2$$

### **Future Oriented Methods**

1. **Management by Objectives:** It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- Establish goals and desired outcomes for each subordinate
- Setting performance standards
- Comparison of actual goals with goals attained by the employee
- Establish new goals and new strategies for goals not achieved in previous year.

Advantage – It is more useful for managerial positions.

Disadvantages – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

2. **Psychological Appraisals:** These appraisals are more directed to assess employees' potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depend upon the skills of psychologists who perform the evaluation.

3. **Assessment Centers:** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Assesses are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self-confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc. Disadvantages – Costs of employees traveling and lodging, psychologists,

ratings strongly influenced by assessor's inter-personal skills. Solid performers may feel suffocated in simulated situations. Those who are not selected for this also may get affected.

**Advantages** – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

4. **360-Degree Feedback:** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

Source. (Harrison,1997)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research design**

There are two types of research design: exploratory research design and conclusive research design. Again conclusive research design divided into two, descriptive research and casual research, from the two types, the researcher used descriptive study because it serves to an archive a variety of research objectives.

#### **3.2 Sampling design**

Sampling design can be divided in to two. They are probability and non- probability sampling. A researcher will use probability sampling of simple random sample; because, it will give equal chance to all participant to be selected or not, in addition, the selection of any unit does not affect the selection of others. It means the population is the employees of Ethiopian airlines and a random selection was done from the employee's list with in the department of the airline in the head office.

##### **3.2.1 Sample Size**

The sample size was calculated using Yemane Tarro's sampling technique.

The target population of the research were employees of the airline in head office which were 5,000 and the precision level was 5%, using the table by (Yemane, 1967) the sample size for the research were 370 employees.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n - Sample size

N - Number of target population

e – Precision level

### **3.3 Data collection instruments, sources and procedures**

The data for this research work was obtained essentially from primary and secondary sources. The primary data was collected from Ethiopian airlines employees and managers to get adequate information on the performance appraisal practices. The researcher used research instruments such as unstructured interview with managers and questioners, the questionnaire were distributed to randomly selected employees in the organization.

The use of questionnaires was appropriate data gathering instrument for the study. The questionnaires have two basic parts. The general information section contains the overall information of the respondents'; such as, sex, gender, the respondents' years of experience, educational background, position and the like. While the essential information section covers the detail factors of performance appraisal that is highly related objectives and research question of the study. The questioner contained almost all closed ended questions. The first reason why the researcher used this instrument was; it's suitable feature to study the subject matter. Second, its cost is relatively lower. Third, it gave sufficient time to respondents to make accurate response. Last, it was easy to analyze questionnaires since its relatively straight forward. The researcher traced the history of Ethiopian airlines and its role of Performance appraisal. The purpose of the questionnaires was to investigate the research questions.

The second primary data was source from interview conducted with managers.

The researcher used unstructured interview because it is useful instrument to understand the reason and the researcher got a chance to check the validity of questionnaire response. Here an extensive discussion was held with some Managers including the Human Resource Manager. These interviews were also intended to provide general perception on how Ethiopian airlines has dealt with issues of performance appraisal.

The secondary data, which constitutes the source of data was gathered from annual reports, books, journals on Human Resource Management, performance appraisal manuals and the company website.

### **3.4 Data Analysis method**

The researcher used descriptive statistics. Data that were collected through questioners were analyzed using descriptive statistical techniques which is composed of tables, graphs, percentage and frequency distribution. The data that was collected from the unstructured interview will be analyzed by description of facts in qualitative terms.

Mean analysis was used to recap information to better understand the subject matter. In addition, percentage and frequencies were used to arrange data both in tabular and graphical format. The frequencies and percentages were used in the study because, this frequencies and percentages used to analyze the demographic variables and it display the total number of observation for the overall performance appraisal.

# CHAPTER FOUR

## RESULTS AND DISCUSSIONS

### 4.1. Demographics of the respondents

Out of the 370 questioners distributed to employees of the head office 350 which is (94.59%) of the total were returned capable of being used to the study.

Demographic characteristics which are age, sex, educational level, years of experience and current department are presented below.

44% (n= 154) of the respondents were female, the rest fifty six (n=196) were males. With respect to Age, the largest was in the 25-35 age group with (n=245, 70%). The second largest was in the 36-45 age group with (n=52, 14.85 %), the third being in 46-55 age range with (n=35, 10%) and the rest is below 25 age group with (n=18, 5.15%).

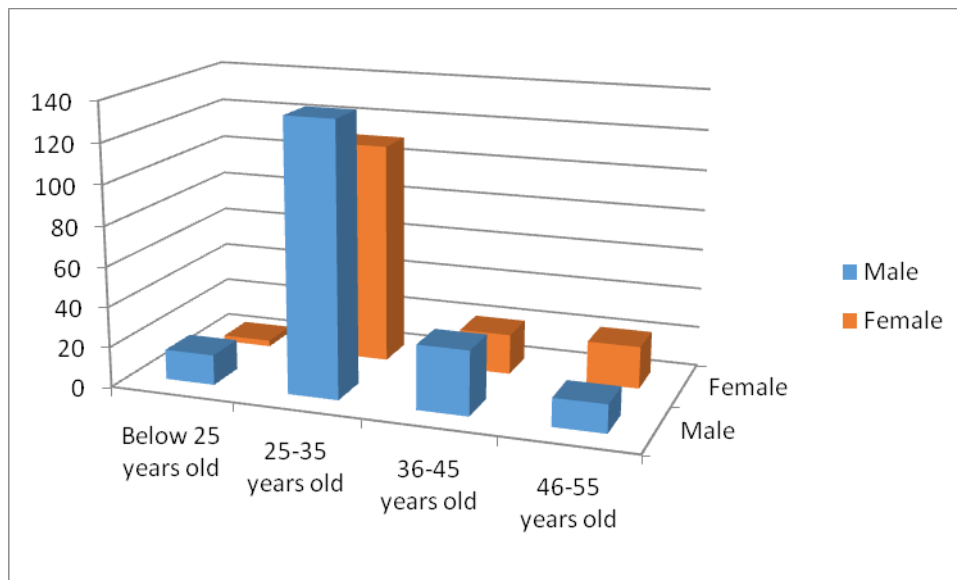


Figure 4.1 Age and sex distribution of respondents

With regard to academic qualification the largest group of respondents are First degree holders (n=210, 60%), the second largest group of respondents are diploma holders with (n=120, 34.29%) the smallest group of respondents are post graduates with (n=20, 5.71%).

Regarding experience of respondents the largest group was 1-5 years of service (n=191, 54.58 %), the second largest group of respondents were 6- 10 years of service with (106, 30.28%) the smallest group of respondents were more than 10 years of service with (n=53, 15.14%).

Table 4.2 Academic qualification & service of respondents

Academic qualification	Service in the organization			Total
	1-5 Years	6-10 Years	More than 10 Years	
Diploma	85	30	5	120
Degree	103	69	38	210
Masters	2	7	11	20

#### 4.2 Perception of employees about performance appraisal system

In this second part of the Questioner employees perception towards the PA system was assessed. Employees were provided with detailed 30 questions which were categorized in to seven main sections namely setting performance expectation/goal, Rater knowledge, Appraisal format and its content, Feedback, Accuracy and Fairness of rating, Appeal Procedure and Purpose of PA.

Five point Likert scale was used to measure the responses with 1 = Strongly disagree, 2 = Disagree, 3 = Neither agree nor disagree, 4 = Agree and 5 = Strongly agree

##### 4.2.1 Setting performance expectation/Goal

From Interview conducted and secondary data referred to Ethiopian airlines has a formal performance appraisal system and uses BSC (balanced score card) as a tool for performance appraisal. Rating is conducted semiannually while goals are set quarterly; Goals and objectives are developed from strategic annual plan and are cascaded down throughout the airline in the chain of command. The performance appraisal system also has been clearly stated from the goal setting process up to the evaluation in the performance appraisal manual and it has incorporated all the necessary procedures and guidelines to be performed.

The performance appraisal system is well organized and has fulfills all the theoretical aspect of what a performance appraisal system should look like when compared with the theoretical literatures on the preceding chapter of these study.

In this section, issues pertaining to performance expectations, rater and accuracy of rating will be reviewed.

Table 4.3 Items that measure goal setting process by respondents.

<b>Responses</b>	<b>Expectation setting in the beginning of the period</b>		<b>Rater explains expectation to employee</b>		<b>Rater explains expectation regularly</b>		<b>Employee is involved in setting goals</b>	
	Count	%	Count	%	Count	%	Count	%
<b>Strongly disagree</b>	0	0%	84	24%	35	10%	42	12%
<b>Disagree</b>	35	10%	196	56%	224	64%	252	72%
<b>Neither agree nor disagree</b>	7	2%	14	4%	42	12%	35	10%
<b>Agree</b>	238	68%	56	16%	49	14%	21	6%
<b>Strongly agree</b>	70	20%	0	0%	0	0%	0	0%

It's vital to set goal or expectations to be performed by employees for the success of the employee in particular and the organization in general. For the organization it will be easy to rate the employee performance at the end of the rating period and the employee will also have a clear understanding on what is expected of him/her on their job. In this regard 68% and 20% of respondents agreed and strongly agreed respectively on the setting of goals at the start of rating period, 10 % of respondents disagreed and the remaining were neutral on the issue.

For second question regarding whether rater explains clearly expectation of performance majority of respondents were in the range of disagreement shown in table 4.3 above, as 56% of



respondents disagreed and 24% strongly disagreed while 16 % the respondents agreed and the remaining 4% were in different for the question.

Regarding regularly explaining performance expectation by rater, Respondents were again in disagreements, 64% responded as disagreed and 10% strongly disagreed and only 14% agreed, while 12% of respondents were indifferent to the question.

Participation of the employees in the standard setting process is important in making the employees more involved and it increases dedication, in this regard respondents were asked if they were allowed by the performance appraisal system to participate in the goal setting process and majority of respondents were in disagreement (72% disagreed and 12% strongly disagreed), whereas 6% of respondents agreed while 10% of respondents were indifferent to the question.

Table 4.4 Descriptive statistics of items that measure perception of goal setting process

Response	N	Minimum	Maximum	mean	SD
<b>Expectation setting in the beginning of the period</b>	<b>35</b>	1	5	3.98	0.787
<b>Rater explains expectation to employee</b>	<b>35</b>	1	5	2.12	0.95
<b>Rater explains expectation regularly</b>	<b>35</b>	1	5	2.3	0.83
<b>Employee involvement in setting goals</b>	<b>35</b>	1	5	2.1	0.67

Respondents perceive as there is no involvement employees in the goal setting process (mean= 2.1). Respondents had different perception in the overall goal setting process with regard to goal setting in the beginning of the period, employees agreed with 3.98 mean value that there is expectation setting. In the raters expectation explanation aspect employees reacted negatively with a value of 2.1 mean as there is no regular explanation of expectation.

#### 4.2.2 Perception of employees towards Rater Knowledge

Interview conducted with some employees and management staffs revealed that raters in the organization are immediate supervisors of employees. Most employees argue that these raters don't have the required knowledge to rate employees and are always in consistent conflict while rating their subordinates.

In this section the perception of employees towards assignment of qualified raters, rater's knowledge towards subordinate employee's job, rater understanding on subordinates requirements and difficulty of assigned job, raters understanding of the PAP procedure and rater's knowledge on how to evaluate subordinate performance will be reviewed.

Even though organizations use the best tools available at their disposal while rating employees the qualification of raters has a great impact in transforming those tools in the proper manner in the system.

Table 4.5 Perception of respondents towards raters

Response	Qualified raters are assigned to rate employees		Rater have enough knowledge of the job evaluated		Raters understand requirement & difficulty of job		Rater knowledge of organization procedure		Rater knows know how to rate	
	Count	%	Count	%	Count	%	Count	%	Count	%
<b>Strongly disagree</b>	50	14%	54	15%	27	8%	79	23%	54	15%
<b>Disagree</b>	185	53%	161	46%	249	71%	251	72%	167	48%
<b>Neither agree nor disagree</b>	11	3%	25	7%	36	10%	0	0%	65	19%
<b>Agree</b>	77	22%	110	31%	31	9%	15	4%	46	13%
<b>Strongly agree</b>	27	8%	0	0%	7	2%	5	1%	18	5%

The first question asked in this section was the assignment of qualified rater to evaluate employees work, in aggregate 67% of respondents disagreed and strongly disagreed while 30% agreed and strongly agreed in aggregate only 3% were indifferent to the question. With regard to the knowledge of raters to the actual detail technical aspect of the rate, 61% respondents responded negatively while 38% responded positively (table 4.5).

Majority of respondents (79%) were also negative on their response to the question whether or not raters understand the requirements and difficulties of subordinates work, 11% responded positively and 10% were indifferent to the question.

With regard to the question Raters understanding the PAP rating procedures and format, 95% of respondents responded negatively and only 5% were in agreement, Interview conducted with the change and performance manager also prevailed the same feedback, the manager stressed that there is a gap in the raters understanding of the process through which the PA system operates (especially middle and lower level managers) had consistently taken a training which has yielded very small improvement.

The last question in this section was whether raters know how to evaluate performances, again 63 % of respondents responded negatively, 18% of respondent's response was positive and remaining 19% were indifferent to the question.

Table 4.6 descriptive statistics of items that measure perception of raters by respondents.

<b>Response</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>mean</b>	<b>SD</b>
<b>Qualified raters are assigned to rate employees</b>	<b>350</b>	1	5	2.56	1.19
<b>Rater have enough knowledge of the job evaluated</b>	<b>350</b>	1	5	2.55	1.08
<b>Raters understand requirement &amp; difficulty of job</b>	<b>350</b>	1	5	2.26	0.803
<b>Rater knowledge of organization procedure</b>	<b>350</b>	1	5	1.90	0.718

<b>Rater knows know how to rate</b>	<b>350</b>	1	5	2.45	1.06
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The perception of respondents to Rater knowledge in the appraisal process were negative with mean value of 2.55. Raters knowledge of the job evaluated and the raters knowledge of organization procedure had the lowest result as per the respondents perception with mean value of 2.55 and 1.90, which indicates that there is a gap on the raters side to evaluate the subordinates.

#### ***4.2.3 Perception of employees toward the PAP content***

Table 4.7 summary of items that measures perception of respondents towards appraisal content

<b>Response</b>	<b>Rating related to the work of employees</b>		<b>Expectation set are actually important jobs of employees</b>	
	Count	%	Count	%
<b>Strongly disagree</b>	25	7%	19	5%
<b>Disagree</b>	73	21%	37	11%
<b>Neither agree nor disagree</b>	13	4%	19	5%
<b>Agree</b>	155	44%	195	56%
<b>Strongly agree</b>	84	24%	80	23%

In this section two important questions were forwarded to the respondents on overall content of the performance appraisal process, the first was whether the rating is related to the actual job employees do for the organization, 68 % of respondents response were (strongly agree and Agree) while 28% reacted negatively and 4% were in different. The second question was whether the expectations set on the form reflects the most important factors in the rates job and 79% of respondents responded positively while 16% responded negatively and only 5% were indifferent to the question.

#### 4.8 descriptive statistics of items that measure perception of PAP content.

Response	N	Minimum	Maximum	mean	SD
Rating related to the work of employees	350	1	5	3.57	1.25
Expectation set are actually important jobs of employees	350	1	5	3.80	1.07

With regard to perception of employees towards the PAP content respondents were positive to the items, "The PAP makes sure that my performance expectation measures what I really contribute for the organization" (mean=3.57) and "The expectation set on my form reflects the most important factors in my job" (mean=3.8) this shows that respondents feel the PAP contents satisfy their expectations.

#### 4.2.4 Perception of employees towards feedback aspect of the PA

Feedbacks have to be given to employees once the evaluation is done and it's natural in every appraisal system to let ratees know their result on their performance.

Table 4.9 summary of items that measures perception of respondents towards feedback

Response	Providing Feedback		Feedbacks are regularly given		Feedbacks are given routinely	
	Count	%	Count	%	Count	%
Strongly disagree	29	8%	21	6%	35	10%
Disagree	41	12%	52	15%	69	20%
Neither agree nor disagree	7	2%	19	5%	32	9%
Agree	235	67%	210	60%	137	39%
Strongly agree	38	11%	48	14%	77	22%

The first questions forwarded in this sub section was whether the rater advice the status of performance to ratees, for which almost three fourth of respondents responded as strongly agree and agree (table 4.9) while 20% responded disagree and strongly disagree and only 2% of respondents were indifferent to the question. For the second question, whether raters give feedback regularly, 74% of respondents responded positively and 21% were negatively responded while 5% were neutral. For the last question in this section which was whether raters give feedbacks routinely the response were 61% positive and 30% negative and 9% indifferent (table 4.9).

#### 4.10 Descriptive statistics of items that measure Feedback.

Response	N	Minimum	Maximum	mean	SD
<b>Providing Feedback</b>	<b>350</b>	1	5	3.61	1.08
<b>Feedbacks are regularly given</b>	<b>350</b>	1	5	3.61	1.08
<b>feedbacks are given routinely</b>	<b>350</b>	1	5	3.43	1.29

#### *4.2.5 Perception of employees towards accuracy and fairness on rating*

The responses to Interview conducted with employees showed that most believe there is little or no accuracy and fairness while being rated and they added as subjective rating is common and objectivity is not usually observed. Meanwhile management staffs interviewed have different view, they say accuracy and fairness are the major part of the rating process and believe that it exists.

Table 4.11 summery of items that measures perception of respondents towards fairness and accuracy on rating

Response	Rating is based on how well employees performed		Rating is based on how much employees performed	
	Count	%	Count	%
<b>Strongly disagree</b>	79	23%	79	23%
<b>Disagree</b>	195	56%	149	43%
<b>Neither agree nor disagree</b>	11	3%	35	10%
<b>Agree</b>	52	15%	76	22%
<b>Strongly agree</b>	13	4%	11	3%

Raters have the at most responsibility in keeping the accuracy and fairness of rating in the performance appraisal process. In this section the first question was whether performance rating is based on how well employees do, majority of respondents (78%) responded negatively while 19% responded positively and 3% were indifferent to the question.

#### 4.12 Descriptive statistics of items that measure fairness and accuracy

Response	N	Minimum	Maximum	mean	SD
Rating is based on how well employees performed	350	1	5	2.21	1.06
Rating is based on how much employees performed	350	1	5	2.40	1.14

Even though respondents disagree with the fairness of the rating process with mean (2.21 and 2.4) management staffs have different view of the matter indicating subordinates are treated fairly.

#### 4.2.6 Perception of employees towards getting explanation on rating decisions

Employees need to know how the final result was reached on their assessment therefore it's advisable to explain each factor which were under consideration during the rating process.

Table 4.13 summary of items that measures perception of respondents towards getting explanation of rating decisions

Response	Rater helps subordinate understand PA process		Rater explains decision that helps subordinates		Rater entertains questions about rating results		Raters shows ways to improve performance	
	Count	%	Count	%	Count	%	Count	%
<b>Strongly disagree</b>	40	11%	49	14%	35	10%	88	25%
<b>Disagree</b>	200	57%	179	51%	266	76%	214	61%
<b>Neither agree nor disagree</b>	19	5%	25	7%	19	5%	28	8%
<b>Agree</b>	66	19%	95	27%	21	6%	12	3%
<b>Strongly agree</b>	25	7%	2	1%	9	3%	8	2%

With this regard the first question presented was whether raters help subordinates understand the PA process and 67% of the respondents were negative while 16% was positive to the question and 5% were in different. The second question was whether raters explain the decision for the subordinates and the responses was majorly negative (65 %) while (28%) responded positively and only 7 % of respondents were indifferent to the question. The third question was does raters entertain questions about rating results and majority of respondents again responded negatively to the question 86%, and only 9% were in agreement while 5% of respondents were indifferent to the question. The last question was whether raters show ways to improve performance of subordinates and again respondents responses were negative (76%) and 5% were positive while 8% were indifferent to the question.



Table 4.14 Descriptive statistics of items that measure explanation of rating decisions

Response	N	Minimum	Maximum	mean	SD
<b>Rater helps subordinate understand PA process</b>	<b>350</b>	1	5	2.53	1.13
<b>Rater explains decision that helps subordinates</b>	<b>350</b>	1	5	2.49	1.05
<b>Rater entertains questions about rating results</b>	<b>350</b>	1	5	2.15	0.776
<b>Raters shows ways to improve performance</b>	<b>350</b>	1	5	1.97	0.82

When it comes to raters assisting subordinates in understanding the PA process respondents were much in disagreement as well raters does not entertain questions which are raised by employees regarding their performance appraisal result. It's also indicated that raters don't assist subordinates in improving their performance for the future.

#### *4.2.7 Perception of employees towards appeal process*

Table 4.15 Perception of respondents towards appeal process

Response	There is a way to appeal		Employees can challenge unfair rating		There is a possibility of changing the result if unfair		Employees are free to communicate their disagreement	
	Count	%	Count	%	Count	%	Count	%
<b>Strongly disagree</b>	10	3%	45	13%	35	10%	55	16%
<b>Disagree</b>	30	9%	39	11%	175	50%	39	11%

<b>Neither agree nor disagree</b>	22	6%	12	3%	10	3%	13	4%
<b>Agree</b>	256	73%	227	65%	75	21%	185	53%
<b>Strongly agree</b>	32	9%	27	8%	55	16%	58	17%

In this section the first question was whether there is a formal appeal process and responses were in agreement with (82%) and 12% disagreed and 6% were indifferent. The second question was whether employees can challenge unfair rating and respondents responded positively to the question with (72%) and negative responses were only 24% while 3% of respondents were indifferent to the question. The third question was if there was possibility to change the unfair result and responses were majorly negative with 60% of respondents and 37% of respondents were positive while 3% were indifferent to the question. The last question was whether employees were free to communicate their disagreement to their supervisors, and majority of respondents were in agreement with (70%) of response and 11% of respondents disagreed and 16% strongly disagreed where as 4% of respondents were indifferent to the question

Table 4.16 Descriptive statistics of items that measure appeal process

<b>Response</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>mean</b>	<b>SD</b>
<b>There is a way to appeal</b>	<b>350</b>	1	5	3.77	0.837
<b>Employees can challenge unfair rating</b>	<b>350</b>	1	5	3.43	1.18
<b>There is a possibility of changing the result if unfair</b>	<b>350</b>	1	5	2.83	1.3
<b>Employees are free to communicate their disagreement</b>	<b>350</b>	1	5	3.43	1.32

From the mean obtained its clear to see that the airline has appeal procedure and respondents agree in the existence of communicating their disagreements with their superiors but its also indicated that there is little possibility of changing the result of the appraisal.

#### 4.2.8 Perception of employees on the purpose of performance appraisal

Performance appraisal should have a meaningful purpose for its mere existence in any organization and should support the organization in its human resource enhancement.

Table 4.17 Perception of respondents towards purpose of performance appraisal

Response	PA result is used to give training and development		PA result is used to give Bonus or and raise		PA result is used for feedback to enhance employees		PA system is supporting the overall competitiveness of ET		PA system of ET is satisfying employees	
	Count	%	Count	%	Count	%	Count	%	Count	%
Strongly disagree	45	13%	219	63%	35	10%	75	21%	81	23%
Disagree	245	70%	45	13%	165	47%	237	68%	197	56%
Neither Agree nor disagree	2	1%	16	5%	19	5%	2	1%	3	1%
Agree	19	5%	42	12%	85	24%	16	5%	43	12%
Strongly agree	39	11%	28	8%	46	13%	20	6%	26	7%

With this regards, the first question was whether PA result was used to give training and development for employees, 83% of respondents were in disagreement with the usage of PA to provide training and development while 16% agreed and strongly agreed 1% of respondents neither agreed nor disagreed.

The second question was whether PA results were used to give bonus or and raise to employees and 76% of respondents responded negatively and only 20% were positive and 5% were indifferent to the question.

The third question was whether PA results were used as a feed back to employees and enhancing them to improve performances. 57% of respondents (disagreed and strongly disagreed) While 37% of respondents (agreed and strongly agreed), only 5% were indifferent to the question.

The fourth question was Does PA system support the overall competitiveness of ET, majority of respondents (89%) responded negatively (Disagreed and strongly disagreed) while 11% respondents responded with (Agreed and strongly agreed) responses and 1% of respondents were indifferent.

The last question was whether employees are satisfied with PA system of the organization and responses were 79% Unsatisfied and satisfied employees were 19% of the respondents and 1% were neutral.

Table 4.18 Descriptive statistics of items that measure appeal purpose of performance appraisal

<b>Response</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>mean</b>	<b>SD</b>
<b>PA result is used to give training and development</b>	<b>350</b>	1	5	2.32	1.11
<b>PA result is used to give Bonus or and raise</b>	<b>350</b>	1	5	1.90	1.36
<b>PA result is used for feedback to enhance employees</b>	<b>350</b>	1	5	2.83	1.26
<b>PA system is supporting the overall competitiveness of ET</b>	<b>350</b>	1	5	2.05	0.95
<b>PA system of ET is satisfying employees</b>	<b>350</b>	1	5	2.25	1.15

The purpose of PA was greatly perceived negatively by respondents with the lowest mean of all factors studied above. The first item “the PA result is used in providing training and development for employees who need improvement” mean=2.32 showed that even though ET manual for PA clearly status the need for training and development for underperformers, the practical aspect is nonexistent. The second item “Outstanding achievers are awarded with salary raise /bonus/ rewards or promotion” mean=1.90 showed again that practicality of the PA tool is lacking. The third important item was “I am satisfied with the PA system of the airline” mean=2.25 shows that there needs a look up on the PA practicality in the airline.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATION

Below summary of findings, conclusions and recommendations of the research are presented

#### 5.1 Summary of findings

- Respondents perceive as there is no involvement employees in the goal setting process (mean= 2.1).  
Respondents had different perception in the overall goal setting process
  - With regard to goal setting in the beginning of the period, employees agreed with 3.98 mean value that there is expectation setting.
  - In the raters expectation explanation aspect employees reacted negatively with a value of 2.1 mean as there is no regular explanation of expectation.
- The perception of respondents to Rater knowledge in the appraisal process and the overall appraisal content were negative with mean value of 2.55 and positive with the mean value of 3.8 respectively.
  - Raters knowledge of the job evaluated and the raters knowledge of organization procedure had the lowest result as per the respondents perception with mean value of 2.55 and 1.90
  - With regard to perception of employees towards the PAP content respondents were positive to the items, "The PAP makes sure that my performance expectation measures what I really contribute for the organization" (mean=3.57) and "The expectation set on my form reflects the most important factors in my job" (mean=3.8)
- Providing feed backs received positive perception from respondents for all the questions presented
  - "My rater advices me the status of my performance on my job" mean=3.61 , "My rater gives me feedback regularly" mean=3.61 and "My rater routinely gives me feedback that is important to the things I do at work" mean=3.43
- Respondents were not happy about accuracy and fairness of rating as well as explaining rating decision by raters, especially to items "rating is based on how well employees performed" mean=2.21 and "My rater help me understand what I need to do to improve my performance" mean=1.97
- Appeal procedure was perceived positively except the item "there is a possibility of changing the result if unfair" mean=2.81 were as the overall appeal procedure received majority positive perception especially items "I have procedure to appeal a performance rating that I think is biased or inaccurate" mean=3.77 and "I can challenge a performance rating if I think it's unfair" mean=3.43

- The purpose of PA was greatly perceived negatively by respondents with the lowest mean of all factors studied above.
  - The first item “the PA result is used in providing training and development for employees who need improvement” mean=2.32 showed that even though ET manual for PA clearly status the need for training and development for underperformers, the practical aspect is nonexistent.
  - The second item “Outstanding achievers are awarded with salary raise /bonus/ rewards or promotion” mean=1.90 showed again that practicality of the PA tool is lacking.
  - The third important item was ”I am satisfied with the PA system of the airline” mean=2.25 shows that there needs a look up on the PA practicality in the airline

## 5.2 Conclusions

The researcher assessed and evaluated the performance appraisal practices of Ethiopian airlines in order to indicate the gaps. With regard to the process of the PA system Respondents perceive as there is no involvement employees in the goal setting process Respondents had different perception in the overall goal setting process, while on setting goals in the beginning of the period it's in line with the procedures.

With regard to responsibility on appraise immediate supervisors were assigned for job and Rater knowledge was the most disputed subject in the appraisal process as raters knowledge of the job evaluated and the raters knowledge of organization procedure had found to be low. With regard to perception of employees towards the PAP content it's been noted that employees have positive attitude towards the PAP content.

Accuracy and fairness of rating as well as explaining rating decision by raters, had mixed reaction from the management and employee's side and remains to be one of the gaps of the performance appraisal system. Appeal procedure was one of the strong part of the performance appraisal process except that changing the unfair results remain a concern.

With regard to the purpose of the PA system of the airline it was perceived that the PA result which should be used in providing training and development for employees who need improvement showed that even though ET manual for PA clearly status the need for training and development for underperformers, the practical aspect is nonexistent. Again outstanding achievers who should be rewarded accordingly were not recognized or the theoretical aspect was not implemented in consistent manner as per the procedure. The third important item under the purpose of the performance appraisal is the satisfaction of employees and it's found out that its doing very little to this effect.

The airlines uses (BSC) as a tool for its performance appraisal system and when the utilization is evaluated, its concluded that the tool is not being utilized fully as the gaps mentioned above still remain at large.



### 5.3 Recommendation

Based on the findings of the study presented above the following recommendations are given:

- It's very important to involve employees in the goal setting process so that employee's belongingness to the company and meeting their own expectation increases, considering this, employees should be able to participate in the goal setting process at least partially.
- Raters knowledge should be checked with regard to both the rating process and overall knowledge of the PA procedures, The human resource department need to arrange a work shop for middle and low level managers in enhancing their capacity and knowledge in the different aspect of the PA system starting from the goal setting aspect up to feedback and appeal stages of the performance appraisal.

- Senior managements need to check the accuracy and fairness of the rating process by conducting meetings with employees directly and by coordinating with human resource department as these kind of information are hard to reach senior management easily, so as to act on wrong finding and abuses on employees by immediate supervisors.

In addition employees should be given a chance to get their rating result be reversed if found to be unfair and doesn't reflect their performance with human resource division involvement in the investigation.

- No matter how perfect a performance appraisal system is written it will not have any benefit for the employees or the organization if the practical aspect is missing, as observed in the study even though the airline states that achievers should be awarded and underperformers should get the training assistance, these purposes are not being implemented consistently as per the policy and procedures, Therefore the student researcher recommends that senior management look at the issue and practically exhaust these important purposes of the performance appraisal system and put them in effect as it majorly helps the performance of the human resource in particular and the company in general.

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# **Appendix**

## **Appendix A Questionnaire**

### **St. Mary's University School of Business and Economics MBA Program**

The purpose of this questionnaire is to collect data from employees of Ethiopian airlines for conducting Masters of business administration (MBA) thesis on the title “Assessment and Evaluation of performance appraisal practices in Ethiopian airlines”. Please be honest and objective while filling the questionnaire. The information you give is used only for academic purpose and will be kept confidential.

#### ***General Instructions***

- There is no need of writing your name
- In all cases where answer options are available please tick (×) in the appropriate box

***Thank you, for your cooperation and timely response in advance***

Thank you,  
Binyam W.

## Part I Demographic Information

1. Sex

Male       Female

2. Age

Below 25     25-35     36 - 45

46 – 55     Above 55

3. Academic qualification

High school complete       Diploma

BA Degree       Post graduate Degrees

4. Years of experience

Less than 1 year     1 – 5 Years

6 – 10 Years       More than 10 Years

5. Which department do you work in

Human Resource       Finance       Marketing

Flight operation       Catering       Maintenance Repair and  
Overhaul

Aviation academy     Base Service

**Part II**

Please indicate the level of agreement on the statements below.

**Abbreviations used:**

**ET** – Ethiopian airlines

**PA** - Performance Appraisal

**PAP**- Performance Appraisal Process

	Strongly Disagree	Disagree	or disagree	Agree	Strongly Agree
<b>Setting performance expectation/goal</b>					
1 The performance appraisal process requires that performance expectations be set for me at the start of a rating period					
2 My rater clearly explains to me what he or she expects for my performance					
3 My rater regularly explains to me what he or she expects of my performance					
4 The PAP allows me to help set the performance standards that my supervisor will use to rate my performance					

**Rater knowledge**

5 My organization makes sure that I am assigned a rater who is qualified to evaluate my work					
6 My organization ensures that I am assigned a rater Who knows what my job descriptions and detail technical					

knowhow of my assignment.					
7 My organization makes sure that my rater understands the requirements and difficulties of my work					
8 My organization makes sure that my rater understands the PAP rating procedures and rating format					
9 My organization makes sure that I am assigned a rater that knows how to evaluate my performance					

**Appraisal content**

10 The PAP makes sure that my performance expectations measure what I really contribute for the Organization					
11 The expectations set on the form reflect the most important factors in my job					

**Feedback**

12 My rater advices me the status of my performance on my job					
13 My rater gives me feedback regularly					
14 My rater routinely gives me feedback that is important to the things I do at work					

**Accuracy and Fairness of rating**

16 My performance rating is based on how well I do my Work					
17 My performance rating reflects how much work I do					

**Explaining rating decision**

18 My rater helps me to understand the process used to evaluate and rate my performance					
19 My rater takes the time to my rating result					
20 My rater lets me ask him or her questions about my					

performance rating					
21 My rater helps me understand what I need to do to improve my performance					

**Appeal Procedure**

22 I have procedure on how to appeal a performance rating that I think is biased or inaccurate					
23 I can challenge a performance rating if I think it is unfair					
24 My performance rating can be changed if I can show that it is incorrect or unfair					
25 I am comfortable in communicating my feelings of disagreement about my rating to my supervisor					

**Purpose of PA**

26 The PA result is used in providing training and development for employees who need improvement					
27 outstanding achievers are awarded with salary raise/bonus/rewards or promotion					
28 ET uses the PA evaluation results to enhance employee's performance by providing feedbacks to employees.					
29 ET's PA system is supporting the overall competitiveness of the Organization					
30 I am satisfied with the PA system of the airline					

## **Appendix B Interview Questions**

- 1- Is there a formal performance appraisal in your organization?
- 2- Who rates performance of employees?
- 3- Do you think raters have the required knowledge and training to rate performance of employees?
- 4- What is the tool used in the PA system of your organization?
- 5- Do you think the performance appraisal technique used in your organization is able to accurately rate employees?