ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE PRACTICES
OF
PERFORMANCE APPRAISAL SYSTEM
AT THE ETHIOPIAN CATHOLIC SECRETARIAT (ECS)

BY
DEMEKE FIKRE HAILE MICHAEL

JANUARY 2016
ADDIS ABABA, ETHIOPIA

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ADDIS ABABA
ETHIOPIA**

ST. MARY'S UNIVERSITY
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<u>Acknowledgment</u>

Abbreviations

ACS   Archdiocesan Catholic Secretariat

CIT   Critical Incident technique

ECC   Ethiopian Catholic Church

ECS   Ethiopian Catholic Secretariat

ECUSTA   Ethiopian Catholic University Saint Thomas Aquino's

HRM   Human Resource Management

MBO   Management by Objective

PA   Performance Appraisal

PE   Performance Evaluation

PES   Performance Evaluation System

PM   Performance Management

SDCO   Social and Development Coordination Office

LIST OF TABLES:

ABSTRACT:

The Performance appraisal generally considered as the most significant and crucial tool for organizations, the information gathered should provide highly useful input for decisions regarding various personnel aspects such as training, development, promotion and salary increments. Performance measures also link information gathered and decision making processes which provide a basis for judging the effectiveness of HRM sub-divisions such as recruiting, selection, training and compensation. Therefore, the research was conducted in order to demonstrate the importance of performance appraisal system to the management and to employees, in addition, to upgrade their understanding about its advantages and the associated limitations. That is, to clarify; the effect of PA measurement on employees' job satisfaction and loyalty. This research concentrates on the general and specific objectives that are to investigate the process of performance appraisal, to examine the level of satisfaction of employees, to measure the outcomes and to determine the level of transparency. To study the practice of performance appraisal in ECS, census sampling technique with a population size of 80 staffs were made because the population is manageable. From a total of 80 distributed questionnaires 63 questionnaires were returned. The researcher collected primary data through the help of questionnaires filled by the respondents and interview questions made to senior staffs. In order to do the study a descriptive research methodology was used. The data was analyzed with the help of Microsoft Excel and with SPSS version 15 statistical software. The questionnaires responses were validated with the reliability test for 20 items with result showing 0.991Cronbach's alpha. The findings of the research showed that the evaluation standards set from the practice of the Ethiopian Catholic Secretariat for performance appraisal are not free from personal bias; employees are looking for fair evaluation, for appropriate training and reasonable motivational factors such as fair pay, promotion and benefits like educational support. Based on the research the researcher recommended that the organization should investigate the level of pay and benefit packages to its employees. Moreover, the strength and weakness of employees should be communicated. Evaluators must also be fair and should have appropriate training to apply participatory evaluation. The researcher also recommended that if the organization used the performance evaluation properly, then there will be a noticeable effect of the performance appraisal on the organization as well as on the Individuals.

CHAPTER ONE

INTRODUCTION

1.1   Back Ground of the Study

In the past few decades, organizations were very concerned about the development and orientation of their employees and also thinking on performance management (Murphy & Cleveland 1991), to fulfill this new modernized concept of fast and technological recollection, organizations realized the importance and implementation of new methods of performance management (Cardy & Dobbins, 1994).

Moreover, to have the productivity of employees, there are varieties of different perspectives that evident the importance of performance management and its measurement, (Whitney, 1994). Organizations should preset true and fair views of performance appraisal to gain trust of their employees. Their loyalties and Job satisfactions are the main core of any organization success (Robinson & Rousseau, 1994). Through rational performance measurement, organization management can get maximum reliance of employees.

Additionally, there are many factors affecting performance appraisal systems at work. Internal and external factors, they always play an important role in appraising the employees' performance. Internal factors could be the employee's behavior at workplace with colleges and their attitude in the direction of works, how well they know what they are going to do. Their knowledge about the objectives of the organization and the individual plan that they have to implement their job, (Isaac, 2001).

 Labor union is one of the external factors that always get into the matter of employee well being at work. Employees' personal lives that is, their relation with the neighborhood their lives at their home, the political environment in their surrounding are all external factors that matters for a person to provide their full knowledge and ability at their work.

But some time it has a negative impact on performance appraisal and the management to give promotion or rise in the salary on the bases of seniority might add to employees' performance.

Internal factors can also affect the performance appraisal in shape of bad corporate culture than can be a big obstacle in performance. (Isaac 2001)

The study is based on one of the charity organizations namely on Ethiopian Catholic Secretariat (ECS). The organization implements its job with relatively lesser financial rewards to staff committed to their motive; therefore, influencing employees only by cause of charity and applying a performance measurement was a problem for the organization. Because, performance measurement is associated with reward system, Charity is a different type of organization compared to the profit sector. The paper shall also use nonprofit organization and charity to mean the same.

Charities are primarily involved in providing social service to people, when they need them critically. The sector consists of organizations whose primary objectives were social rather than economic. They are established and managed by people who believe that change are needed in society and they want to do something about it, these organizations, according to (Hudson 1995) share two characteristics. Unlike private sectors they do not distribute profits to their owners, and unlike public sectors they do not subject to direct political control.

Moreover, the research study was needed in order to demonstrate the importance of performance appraisal system to the management and to employees, in addition, to upgrade their understanding about its advantages and the associated limitations. That is to clarify; the effect of PA measurement on employees' job satisfaction and loyalty. Beyond these it is because the studies have never been conducted in the organization. Therefore, these initiated the researcher to do the study. Moreover, other local researchers similar to Desalgen (2015), on the research paper presented to St. Mary's University also suggested the importance of the performance appraisal system for growth of an organization if the PAS is properly applied by the organization,

1.2. Back Ground of the Organization

The Ethiopian Catholic secretariat (ECS) or Caritas Ethiopia was founded in 1965and was registered as NGO, with the Ethiopian Government in 2000. Its mandate is to initiate, promote and coordinate the social and pastoral activities of the universal Church in Ethiopia. The program of the organization is to respond to ever increasing needs of the Ethiopian People

ECS is a Church based charitable organization. The management of ECS is composed of the Clergies and religious community members (Brothers and Sisters) and with professional laypeople that have a totally different composition from other organizations even with those of other charitable organization. The clergies, brothers and sisters working in the Ethiopian catholic Secretariat are under ought to do what is just.

VISION:

The vision of ECS is: to see society where all its spiritual, physical and socio-cultural needs are fulfilled and all people in its mandatory area living in harmony, solidarity, equality with peace and justice. ECS aspires to see a prosperous, respectful and just society in Ethiopia.

MISSION

To promote integral Human development, i.e. to ensure the spiritual and social economical well being of the community, and the Catholic faithful through coordination and implementation of socio pastoral and development programs services and evangelization being carried out by the Catholic institutions . Priority is given to poorest and marginalized people in the society

VALUES

- Serve the community irrespective of their language, religion, ethnic background

- Disseminating the word of GOD by living the Gospel Values

- Realize the respect of human dignity of every human being

- Promotion of self reliance

- While providing the social and development service, the poor, marginalized and disadvantaged groups will be given priority

- Respect the social teachings /doctrines of the Catholic Church

- Empowering the poor and the disadvantaged groups in the society

- Commitment to the respect of basic human values and rights, solidarity, justice and peace

- Promotion of honesty, accountability ,transparency

Conceptually the Ethiopian Catholic Secretariat started exercising the performance appraisal system sometimes ago. According to the strategic plan prepared the performance appraisal system was started to be implemented in 2005. The organization planned to use the performance appraisal system mainly for future employee planning and development and for further HR capacity building. The organization became unsuccessful to effectively continue implementing the performance evaluation. Employees do not fully accept the PAS of the organization. Mainly because ECS fails to apply the training and developments associated to the PA system and also failed to differentiate good performance, moderate and poor performance in order to reward the employees. Therefore, the researcher intended to do the research to recommend a solution to the existing problem in the organization.

Statement of the Problem

Developing a performance appraisal system that measures the objective of the organization and that can attract and retain skilled employees with lesser financial rewards is one of the major problems of ECS. Accordingly to the researcher observations, the absence of due consideration by the management and employees to performance appraisal system causes poor performance evaluation results, inconsistency, low moral on employees.(ECS Strategic Plan, 2005), The absence of appropriate training and development was a challenge that hinders professional development.In general efficient performance appraisal practices are associated with compensating. In order to compensate for good performers and to keep the system alive the organization must secure budget. Moreover, the researcher intended to do the research on the practices and the associated challenges of performance appraisal system of ECS and to recommend a solution to the above stated problems.

- **Research Questions**

The study was designed to assess issues related to performance appraisal system in ECS; accordingly the research study tries to answer the following basic research questions.

- How is the performance appraisal system conducted in the organization?
- How satisfied are the employees with the performance evaluation system in place?
- What outcomes are experienced from performance appraisal of employees
- What are the performance appraisal practices in the organization?
- To what extent is the Performance Appraisal system transparent to employees?

1.5. Objectives of the Study

1.5.1 General Objective

The general objective of the study is to assess the practices of the Performance Appraisal System of the study organization.

1.5.2 Specific Objectives

The specific objectives of the study include the following:

- To investigate the practice of performance appraisal system in the organization;

- To examine how satisfied employees are with the performance appraisal system of the organization;

- To measure the outcomes of performance appraisal system and to observe how the feedbacks are being used;

- To identify the major performance appraisal challenges of the organization.

- To determine to what extent the performance appraisal system of the organization is transparent;

1.6. Definition of Terms:

A charity: encompasses anything that is associated with free work (Oxford English dictionary, 2003)**,**

Performance appraisal process: is the process, in which human resource management department obtains analysis and makes decisions on the performance of an employee over a period of time. (Yee, 2009),

Performance appraisal: is the process of reviewing past productive activities to evaluate the contribution individuals have made towards attaining management system objectives (Samuel 1994),

Management by Objective (MBO): Relies on goal setting to establish objective for the organization as a whole, for each department, for each manager within each department, and for every employee. (Cascio, 2006),

Performance standards: Are the level of activities established to serve as a model for evaluating organizational performance (Samuel, 1994),

The Reward System: An employee's compensation usually referred to as tangible returns, includes cash compensation. i.e.(Base pay cost of living and merit pay, short term incentives and long term incentives) and benefits i.e. (income protection, work/life focus tuition reimbursement and allowance.

Extrinsic Reward: They are an externally administered. They are valued outcomes given to someone by another person, typically, supervisor or higher level manager. (John, 2005),

Intrinsic Rewards: In contrast to extrinsic rewards, the motivational stimulus of intrinsic reward is internal and does not depend on the action of some other person. (John, 2005),

Anchored Rating scale: It is one of the traditional Method; it focuses on specific behaviors', either effective or ineffective performance is given by employee. It involves critical incident technique (CIT) and different combinations of rating scale where used. (John, 2005),

Multi- rater feedback: It is defined as;"The systematic collection and feed back of performance data on an. Individual or group derived from a number of the share holders on their performance" (Ward,1997),

1.7. Significances of the Study

The researcher feels that the study has the following significances:

a. Significances of the Study to the Organization

It helps the organization to realize the importance and limitations of its practices and the challenges associated with the performance evaluation system of the organization. It will also help the organization to see its manpower resource planning, the training and development plan associated with the performance appraisal system. Moreover, it increases the reliance of employees' on the performance appraisal system.

b. Significances of the Study to Other Researchers

The researcher hopes that the study serve as a stepping stone to other researchers who are interested to conduct further study in this area. It can serve as reference material as well.

c. Significances of the Study to the Researcher

This study is significant in that, it has improved the researchers' research skill and broadened the researcher's knowledge in performance appraisal. Using the knowledge acquired the researcher will be able to further develop the performance appraisal system of the organization

1.8. Delimitation/Scope of the Study

The research could have gone to the extent of the performance appraisal system of all Catholic Archdiocesan and congregations like Don-Bosco, Brothers of Good Works, Mother Teresa Sisters, and Daughters of St. Anne etc. However, the scope of the research was delimited to the Office of the Ethiopian Catholic Secretariat. Therefore, the research is delimited to 80 staffs of the organization. Moreover, the data collection tools are delimited to questionnaires and interview questions.

1.9. Organization of the Research Study

The research paper is organized in five chapters.   Chapter one, that is designed to give the reader general information about the research work. It includes the introductory section that deals with the background of the study and how it is organized, the statement of the problem, the basic research questions, the objectives of the study, and the significance of the research to the organization, to the researcher and to other researchers. Moreover it discusses about the definition of the major terms used and the delimitation of the research.   Chapter two discusses the review of literature related to the study. Chapter three presents the research design and the methodology employed. Chapter four discusses the findings of the study using tables based on the variables investigated. Chapter five summarizes the findings of the study the conclusions drown based on the findings and the recommendations given by the researcher.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

INTRODUCTION

The purpose of the chapter is to look into the literature about performance appraisal systems and its importance. This chapter mainly discusses the usage of different performance appraisal systems and its linkages with job satisfaction, to employee loyalty and to strategic importance of the system.

2.1. The Performance Appraisal System

The main objectives of performance management is to show the real pictures of the employees performance over a period of time and this can be achieved through formed standards (Aguinis,2009),

In the performance management, the appraisal system is the most significant part where it defines a structural and formal system, which helps the manager and subordinate to interact with each other to evaluate performance. This interaction usually comes into process annually or semi-annually in shape of some structured questionnaire. In these process supervisors examines the performance of subordinates where supervisor identifies strengths and weaknesses and also highlights the area of improvements (Aguinis, 2009),

2.2. Definition of Performance Appraisal

PM system usually includes measures of both behaviors, what an employee does and results, the outcomes of an employee's behaviors. The definition does not include the results of an employee behavior, but only the behavior themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work. (Aguinis, 2009),

The process in which human resource management department obtains analysis and makes decisions on the performance of an employee over a period of time is called performance appraisal process.   The methods which are used to appraise the employees are called performance appraisal systems (Yee, 2009),

The main objective of performance appraisal system is to focus on the performance, key attributes of the job, what is the improvement in the performance and the proportion of the performance that the employee will make in future in the productivity of the organization. It aims towards the employee and his performance over the period of time (Dobbins, 1994),

Employees should have the knowledge and freedom to participate in the decision making process. Here, if the management has the full cooperation from the employees and on the same hand if employees coordinate with management then this performance and participation can actually help in the appraisal for the next period. In all this, the right of expressing of opinion will certainly add to their performance (Beach, 1995), Performance appraisal systems are the powerful tool to measure the performance of an employee and to issue or offer the rewards on that quality performed job (Dobbins, 1994),

Performance appraisal is also viewed as system in which HR managers measures the performance of the employee, either he/she is performing his job rightly, is he achieving what organization wants from his job, what is his behavior and attitude towards his job, either he is showing positivity towards his job, is he the right employee for the right job, as all this come under the HR function of an organization (Samuel, 1994),

He adds that an effective performance appraisal must have collaboration between the management and the subordinates. An employee should work according to the job description, which is decided by the immediate manager. By doing this, there will be no conflict between the management and the employees.

On the other hand Natalie & Ann (2005), under scored that the objective of performance appraisal is to influence the employee's job performance with a systematic process appraisal, what are the major impacts on the employees to get the certain level of motivation to improve the productivity of the organization as well as the job satisfaction

2.3. Benefits of Performance Appraisal

If Performance appraisals are not handled well, their benefits to the organization will be minimal. Several guidelines can assist management in increasing the appropriateness with which appraisals are conducted. The first principle is that performance appraisals should stress both performance in the position the individual holds and the success with which the individual is attaining organizational objectives. The second principle is that appraisals should emphasize how well the individual is doing the job, not the evaluator's impression of the individual's work habits. In other words, the goal is an objective analysis of performa.nce rather than a subjective evaluation of habits. The third principle is that the appraisal should be acceptable to both the evaluator and the subject- that is both should agree that it has benefits for the organization and for the workers (Samuel, 1994),

Where performance appraisal allows the employees to get the monetary and non monetary rewards from the management, here it also gives the most significant benefit for employees that it gives the chance to get reasonable time for one to one discussion on the performance over the period of time. This process also gives the opportunity to employees to review their performance and discuss the issues and difficulties they are facing in the work and also it gives the path to gain the aims and objective in the future time (Orpen, 1997), the interaction of subordinates and supervisors give the opportunity to help the future goals. Therefore it enhances the productivity. So, this process gives the best time to employees to have chat with the supervisors without any hindrance and instruction (Orpen, 1997),

The importance of this process should not be underestimated as this is the integral part of performance appraisal system. Moreover this process allows the supervisors and employees to discuss the future targets and, training and rotation need orientation and development, if needed. In this discussion, the supervisors and the subordinates discuss the various problems about the present as well as the absent working skills, career development and what is to be done in the future (Dyck,1997), Here, supervisor highlights the key skills of the subordinate and makes or arranges for the future career inspirations.

Moreover, appraisal data can also tell how well the recruiting strategies are working, what developmental process is good enough and what the effectiveness of employees; telling how productivity improved. Evaluation is the ongoing process and its run throughout the year but some clash can be noted in the evaluations and developmental process, but in a nutshell, it's a process of evaluating, analyzing and giving feedback of the process (Thompson & Dalton, 1970),

2.4. Purpose of Performance Appraisal

Performance appraisal systems have the two main elements in it; one is evaluation of the performance and the feedback of the evaluated performance. The main objective of performance evaluation is to define the gaps in the actual job and job performed. This gap creates when the employee is not working on the standard level and doesn't meet the expectation of the organization (Anthony, 1986),

 The main objective of feedback is to inform the employee about his performance and the quality work he is producing but this feedback doesn't flow in a one direction and the supervisor of the appraiser also gets the feedback from the employee to resolve the job issues, it has. To get the real sense of performance appraisal system is to look at the whole process on different angles so that it can create a meaningful difference in the organization. These different angles could be from employee's point of view and organization's point of view (Anthony, 1986),

This research will show that organization fails when "non-alignment of responsibility and accountability occurs". These failures occur when the employees are given tasks but there is no check on the responsibilities and duties and how they are performing their jobs. Sometimes it happens when the employees are working in shape of group and teams so they pass on the work to each other but ultimately no one held accountable of any task so the rule of accountability fails (Natalie & Ann, 2005),

Performance appraisal system has always in integral part of HRM. Rating the performance appraisal and giving the feedback is not an easy task for the HR department, as the criteria of apprising is a complex job. There are certain strategies underlying to make the traditional methods accurate than it had been in the past and therefore the likelihood of correct and effective appraisal will be increased (Natalie & Ann, 2005),

The main tactics and objectives of the performance appraisal is that it should be conducted for the motivation of the employees with no negative aspect associated with it, as it will decrease the moral of the employees. There would be some reward or bonus announced so that this will be stimulation for other employees and they will try to excel their performance too. Proper communication and feedback session should be introduced so that the employees come to know their loopholes (Natalie & Ann, 2005),

2.5. Performance Appraisal and Employee Motivation and Loyalty

Human recourses are the biggest asset of any organization. Therefore, organizations need to keep well its labor force. Employees should be motivated and should be satisfied with their jobs and have loyalty with the organization (Epstein, 1992),

HR management is making it possible to motivate the employee with the performance appraisal systems by giving them fair appraisals as per their performance over a period of time. As discussed by Bonnie (2002), it has been noticed that there is a strong relationship between performance appraisal and motivation, job satisfaction and loyalty. High performance results are rewarded and the rewarding system will create a job satisfaction and that will eventually create loyalty. When employees' loyalty is believed to be high then it could be said that they are the biggest long range assets of an organization.

2.6. Different Performance Appraisal Systems

There are different systems and methods for measuring performance and appraising the employees. These methods & systems are categorized as the traditional methods and the modern methods and they are briefly discussed below;

2.6.1. Traditional Methods

In the traditional methods there are various systems to measure the performance of employees. In the traditional method of measurement behaviorally Anchored Rating scale is mostly used by many organizations across the globe. In this system it focuses on specific behaviors', either effective or ineffective performance is given by employee. It involves critical incident technique (CIT) and different combinations of rating scale where used.

In graphic rating scale evaluators simply check the different blocks in the appraisal form to measure performance (Jennifer & Gareth, 2000),

2.6.2. Modern Methods

There are different Methods of performance measurement in the modern times which includes the following;

2.6.2.1 - 360 Feedback System

The 360 degree appraisal is which a worker performance is evaluated by a number of people who are in a position to evaluate the worker's performance such as peers, superiors, subordinates, and customers or clients (Jennifer & Gareth, 2000),

The 360 degree feedback is a systematic technique which also known as the multi- rater feedback systems the evaluator or the appraiser takes feedback from all the people. It is defined as: "The systematic collection and feed back of performance data on an individual or group derived from a number of the share holders on their performance" (Ward, 1997),

There are four main parts of 360 degree feedback appraisal system as indicated by Natalie &Ann (2005), these are briefly discussed below:

A, Self Evaluation: employees are sometimes asked to evaluate themselves. It seems logical that individuals would be the best judges of their own performance, particularly if supervisors cannot observe them on a regular base. Self rating tends to show more leniency errors and those supervisors rating also might have halo errors with a very lower rate (Cynthia, Lyle& Schoenfeldt 1996),

- **Superior's Evaluation:** Evaluation by supervisors provides valuable information**.** In most organizations, subjective ratings of employee performance are provided by superior evaluation (Cynthia, Lyle& Schoenfeldt 1996),

C, Subordinates Evaluation: Evaluation by subordinates may provide valuable information. They know how well a supervisor performs with respect to leading, organizing, planning, delegating and communicating. Subordinates, however, may

inflate their rating, especially if they think that the supervisor will be able to discern who has given a particular rating (Cynthia, Lyle& Schoenfeldt 1996),

D, Colleague's Evaluation: Compared with supervisory rating, peer or coworker evaluation are more stable over time, can tap more dimensions of performance, and focus more on task relevant abilities. Peer evaluation can be particularly useful when supervisors do not have the opportunity to observe an individual performance, but fellow employees do (Cynthia, Lyle& Schoenfeldt 1996),

E, Customer's Evaluation: As Cynthia, Lyle& Schoenfeldt (1996), described, organizations that performed business activates such as buying and selling, customers evaluation is more important for owner managers to evaluate employees performance. This is because customers' evaluation would be more reliable.

2.6.2.2 Management by Objectives (MBO)

Management by Objectives is a process whereby the superior and subordinate of an organization jointly indentify their common goals, define each individual's major areas of responsibility in terms of the result expected of him and use the measures as guide for operation the unit and assessing the contribution of each of its members. It is a goal setting process in which a manager meets periodically with the subordinates who is his or her supervisor to set goals and evaluate the extent to which previously set goals have been achieved. The objective of MBO is to make sure that all goals are set contribute to organizational effectiveness (Jennifer& Gareth, 2001),

The form and content of MBO program varies from organization to organization, but most MBO programs have three basic steps: goal setting, implementation, and evaluation (Jennifer M. George, Gareth R. Jones 2001).

- **Goal Setting**: The manager and the subordinates meet and jointly determine the goal of the organization that is, what the top managers plan to achieve during a specific period such as the next six or twelve months.

- **Implementation**: The manager is given the autonomy to decide how to meet the goals in the specified time period. Progress towards goal attainment is periodically assessed and discussed by the manager and her or his superior.

- **Evaluation**: At the end of the specified time period, the Supervisors and subordinates again meet to assess the extent of goal attainment.

2.7. Process of Performance Appraisal

Performance appraisal (PA) holds the systematic method to appraise the employee so that it becomes a rationalized and fair process for employee performance appraisal (Caruth & John 2008)

The six main areas of performance appraisal process:

• **Performance Standards:** Is the level of activity established to serve as a model for evaluating organizational performance (Samuel, 1994), It is the first step in performance evaluation process. It is mandatory to put some standards so that performance can be measured and compared with the standards. Before managers can determine what must be done to make an organization more effective and efficient, they must measure current organization performance. But before they can take such a measurement, they must establish some unit of measure that gauge performance and observe the quality of this unit as generated by the item whose performance is being measured. It also helps to see organization goals and objectives (Samuel,1994),

• **Communicating the Standards & Expectations**: After setting performance standards and expected outcomes the next integral part is to communicate those standards to employees and educate them how to achieve those benchmarks of the standards. This will help employees to know what is expected of them, Often managers assume that employees know what is expected of them, but such assumptions are dangerous. Employees must be told clearly and precisely what the standards and expectations are and how they're to be met (Samuel, 1994),

Measuring the Actual Performance: Mangers first communicate the benchmark and the required standards of performance to employees, and then measuring the performance according to the set standards over the period of time is mandatory to see the output, measuring performance is an ongoing process throughout the year. It is a matter of evaluating the employee's behavior to see if it matches standards (Caruth & John, 2008),

• **Comparing the Actual Performance With Benchmarks:** The process of comparing the actual performance with the standards should be agreed by the employee and the supervisor.

Comparison shows how employees have achieved the set targets and what divergence has been made to the benchmark. The comparison tells either the performance is according to the standards, above the standards or below the standards (James, 1987),

• **Discussion on Results**: Management set up standards and communicates those benchmarks to employees after getting the performance appraisal; results should be communicated to employees and briefed about the standards. Most people will make mistakes and fail to meet expectations at first. It takes time to learn a new job and do it well. Discussing an employee's successes and areas that need improvement is an opportunity to be understanding and helpful to guide the employee to better performance. Additionally, the performance appraisal can be a good source of employee suggestions on how a particular task could perhaps be better performed (James,1987),

• **Decision-making**: This is the last step of performance appraisal process. It is making the decision on the basis of the results taken from the evaluation step. The decision is about the improvement of employee, training on the tasks that are lagging behind, corrective actions, promotions and rise in salary, rewards, transfers and demotions (James, 1987),

2.8. The Reward System

Definition:

An employee's compensation usually referred to as tangible returns, includes cash compensation, i.e., base pay, cost of living and merit pay, short term incentives and long term incentives, and benefits, i.e. income protection, work/life focus tuition reimbursement and allowance. However, employees also receive intangible returns also referred to as relational returns, which include recognition and status. A reward system is the set of mechanisms for distributing both tangible and intangible returns. It is a positive value to an individual. In management, it is useful to distinguish between two types of rewards, extrinsic and intrinsic (John, 2005),

Extrinsic Rewards: They are externally administered. They are valued outcomes given to someone by another person, typically, supervisor or higher level manager. Examples pay bonuses, promotions, and time-off, special assignment, office fixtures, awards, verbal praise, and recognition (John, 2005),

Intrinsic Rewards: The major sources of intrinsic rewards are the feeling of competency, personal development and self control people experience in their work. It occurs naturally during job performance. In contrast to extrinsic rewards, the motivational stimulus of intrinsic reward is internal and does not depend on the action of some other person. Being self administered, they offer the great advantage and power of 'motivating from within (John, 2005),

Moreover, Ivana (2009), found out that reward practice must be satisfied a full and open transparency regarding awards, the communication of the availability of rewards, the criteria to be satisfied, and the identification of the reward recipients. In this regard Porter (1975), state that the reward process as being transparent should be demonstrated by the clarity of the link between the extra effort and the reward being given. These studies suggested in order to acquire positive motivational properties, the distributed incentive scheme rewards made by organizations have to be performance dependant.

2.9. Performance Appraisal Errors

In reality there are instances that there are errors in performance appraisal. When errors are present a PA functions become less as a helpful tool and more as a negative influence on employee moral & job performance (Samuel,1994), Some of PA errors that are worth discussing are:

2.9.1 Scoring Errors: Scoring is inaccurate when managers rate too many performance objectives on one part of rating scale.

2.9.2 Regency: This kind of error occurs when evaluators focus only on recent performance within the evaluation period. It is a common error in performance evaluation.

2.9.3 Similarity Errors: This is rating of employees more favorably, if the employees consistently perform job functions in same style by using same process as they do.

2.9.4 Contrast Errors: If a manager focuses on a stereotype – due to race, religion, age, or sexual orientation then a contrast error resulted. It is a stereotype because it is distorted generalization.

2.9.5 Positive Generalization or Halo Effect: Employee who is always willing to volunteer for extra work and undesirable tasks may make life easier in the organization, However, he may not perform well in some area of his/her job.

2.9.6 Negative Approach: Managers may begin a performance evaluation with a negative slant. Perhaps the employee has failed to apply managerial feedback Samuel, (1994),

2.10. Common challenges of performance appraisal system

As Roger Sunlin (2013), wrote Organizations frequently identify one or more of several elements as the most challenging when implementing performance appraisal system. The challenges if not addressed can cause a system to fail. Some of the challenges he suggested that required the greatest implementation effort to prevent system failure were.

- Linking compensation to performance appraisal

- Implementing performance appraisal for staff

- Keeping the appraisal system alive.

He mentioned that the best way to keep these challenges from undermining a performance appraisal system implementation is to meet them head-on. An organization can take to turn the challenges into opportunities for success. The single most powerful element for keeping the system alive is keeping senior management visibly using and supporting the performance appraisal system.

Successful organizations are discovering the PAS as a critical business tool, one that plays an important role in translating business strategies into results. Success in PAS does not happen automatically, though it requires work. Those individuals responsible for implementing and maintaining the PAS must be sure that their management team understand the potential of effective PA and is committed to its success.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

INTRODUCTION

This part of the paper discussed the research plan, how the research was conducted, the research design, the methods used by the researcher and the different methods used by the researcher.

3.1 Research Design

The researcher used descriptive research study to assess the practices and challenges of employee performance appraisal in ECS. Questionnaires and interviews have been used to collect data. In order to ensure that wording in the research questionnaires was appropriate and unambiguous a pilot study was conducted on eight workers of ECUSTA.

3.2. Population and Sampling Technique

The researcher has taken all the employees and the management staff as the sample of the study using census sampling method as the population is manageable. In the organization there are a total of 80 people. Of the total number, 4 are members of management; 24 are technical and the remaining are administrative employees.

3.3. Sources and Tools of Data Collection

3.3.1. Sources of Data

The researcher gathered information from primary & secondary data sources. Primary data were gathered from employees of ECS through the use of questionnaire. Secondary data were collected from previous performance evaluation results of employees from their personal records.   Series of interviews were conducted with the Secretary Generals and Directors of the organization to triangulate the results obtained from the questionnaire.

3.3.2. Tools of Data Collection

Closed ended questionnaires with 5 points Likert scale was used to collect the desired data. A total of 76 questionnaires were distributed among the employees of the Ethiopian Catholic Secretariat to be completed. In order to validate the information obtained from the employees 4 top level management members were interviewed. The information gathered through the interview was incorporated during data analysis.

3.4. Procedures of Data Collection:

The researcher used data collecting tools that are questionnaire and interview questions as mentioned earlier. Before questionnaires were distributed to the respondents each item was checked for reliability and validity. Then after, the questionnaires were distributed to the employees of the organization assisted by the Human Resource Department of ECS. The questionnaires were collected by the researcher after checking that each item was attended. The interview was conducted based on the convenience (time and place of the interview) of the management staff, namely the Secretary Generals and Social and Development Coordinating Commission Directors. Their responses were recorded for future use and analysis. The researcher's organization (ACS) wrote a cooperation letter (annexed) to the human resource manager of ECS. The questionnaires enclosed, demographic aspects, items related to the study, and a five point Likert scale was incorporated. The administrator of ECS helped the researcher in distributing and collection of the questionnaires

3.5. Ethical Considerations

The researcher approached respondents to get the questionnaires completed voluntarily. Thus no respondent was forced to complete the questionnaires in one way or the other. In addition to that, the completed questionnaires were personally collected to avoid a misunderstanding that might occur between the members of the management and the employee. The respondents were not asked to write their names which didn't create a room to identify which questionnaire was completed by who. The respondents were assured that the responses obtained will remain a secret and won't be used by any means for any other purpose except for the academic purpose of this study. It was also guaranteed that the researcher shall not use this information other than

the research at hand which is being conducted for the partial fulfillment of this MBA program. On the other hand, all sources consulted have been acknowledged to avoid plagiarism.

3.6. Validity of Data Collection and Tools Used

As indicated in R.Kothari (2004), validity is the most critical criterion; it indicates the degree to which an instrument measures what it is supposed to measure. The questionnaire was designed using the literature review. Moreover, it was also developed by professionals from management Institute and by the research advisor. The result led to make changes in the instrument, which were made prior to the administration of the survey.

3.7. Reliability of Data Collection Tools Used

A measuring tool is reliable because it provides dependable results R. Kothari (2004). Reliability also contributes for the validity. The researcher used the SPSS statistical model. The Result of the SPSS statistical model shows that the questionnaires reliability is .991 Cronbach's alpha. The alpha value for the 21 items varies from 0.989 to 0.991 indicating an overall high reliability.

Table: 3.1. Reliability Test Table (SPSS version 15 Result)

Cronbach's Alpha	0.991
Number of Items	21

Summary of reliability statistics:

			Items
Employees response on the criteria of performance appraisal System	0.982	Highly reliable	7
Employees satisfaction on the performance appraisal	0.975	Highly reliable	4
The level of outcome for the feedback process	0.968	Highly reliable	4
The response on performance practices	0.888	Highly reliable	3
How satisfied Employees are	0.937	Highly reliable	3

Source: Own survey, August 2015

3.8. Method of Data Analysis

The researcher used the descriptive statistical model. The data collected was tabulated and was made ready for analysis. The collected data was analyzed using computer supported SPSS version 15 statistical software. To compare and measure results of the data, tables and percentages results were prepared. The information obtained from the interview was coupled with the results of the analysis for validating the information solicited using questionnaire obtained from the secondary source.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

Introduction

This chapter has two parts. The first part presents the characteristics of the respondents. The second part presents detailed analysis of the data obtained through the questionnaires and interview questions forwarded to the top management for the purpose of triangulation of the results. The analysis of data is processed in line with the basic research questions and objectives of the study.

4.1. Demographic Characteristics of Respondents

The demographic characteristics of respondents were assessed from the point of view of educational level, length of service, and present position. The table below summarizes the data obtained.

Table 4.1.Respondents According To Educational Level, Length of Service and Current Status

Item NO		Certificate		Diploma		First Degree		Second Degree		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%
1	Educational Level	11	17.4603	18	28.57	25	39.7	9	14.2	63	100
		Senior Level Manager		Middle Level Manager		Lower level Manager		No mangerial Position		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%
2	Current position	8	12.6984	21	33.33	25	39.7	9	14.286	63	100
		0-5 Years		6-10 Years		11-20 Years		>20 Years		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%
3	Experience	32	50.7937	19	30.16	8	12.7	4	6.3492	63	100

Source: Own source, 2015

As can be seen from table 4.1 above, the educational level of the respondents ranged from certificate to second degree. Thus from the total of 63 respondents 11 (17.46%) are certificate holders; 18 (28.57%) are diploma holders; 25 (39.68%) possess first degree, and the rest 9 (14.3%) earned their second degree. This shows that all respondents can fairly

understand the questionnaire distributed and give valuable information about the subject under study.

With regard to respondents managerial status in the Organization the result showed that 46 (73.01%) of the respondents are middle and lower level management people. The Top management staffs are 8 (12.7%) and those with no managerial position are 9 (14.3%). From this result the researcher concluded that, when employees are in a managerial position they regard as they are stakeholders and act more responsibly and developed a sense of belongingness.

Regarding the service year the finding shows that among the 63 respondents working in ECS 32 (50.79%) served the organization up to five years; 19 (30.16%) have served 6 to 10 years; and 8 (12.7%) served their organization 11-20 years; and 4 (6.35%) served more than 20 years. The finding showed that there are more experienced employees. Their information with regard to the practice of performance evaluation was valuable. That is their knowledge about the organization is deep enough to give valuable information. Therefore, the researcher expected that they gave much more helpful information about their organization.

4.2. Detailed Analysis of Data:

This section deals with the analysis of data collected. From 76 questionnaires distributed 63 questionnaires were collected. This was 80% of the total questionnaires distributed. Therefore, the response rate was adequate for the study. The details are discussed under each table

Table 4.2.Employees response on how performance appraisal system is conducted

	Research question one	No	%	No	%	No	%	No	%	No	%	No	%	Mean
1	Performance standards were set before PA evaluation process	13	20.635	33	52.4	12	19.05	5	7.937	0	0	63	100	3.86
2	Employees were communicated the PA standards and the expected out come	13	17.333	16	21.3	10	13.33	19	25.33	17	22.667	75	100	2.85
3	Emolpyees were aware of how PA process is conducted and were well informed	9	14.286	25	39.7	11	17.46	12	19.05	6	9.5238	63	100	3.3
4	Employees Receive Feedback for the Evaluation	15	23.81	20	31.7	7	11.11	17	26.98	4	6.3492	63	100	3.4
5	I received Adequate training to do my Job	7	11.111	10	15.9	14	22.22	21	33.33	11	17.46	63	100	2.7
6	The evaluation identifies skilled employees	10	15.873	12	19	10	15.87	12	19.05	19	30.159	63	100	2.71
7	We discuss on my Performance evaluation Results with my supervisor	2	3.1746	2	3.17	9	14.29	23	36.51	27	42.857	63	100	1.82

Source: Own source2015

As can be seen from Table 4.2, item 1 above, 46 (73.03%) of the respondents agree that the performance standards were set before the performance evaluation process What can inferred from the results that *standards were set before the evaluation process. The mean value 3.857 also proves that the performance standards set by* ECS positively affect the PA process of the organization. This may enable the organization to properly evaluate the contribution of each *individual towards the achievement of the organization's goals.*

As shown in item number 2, 29 (46.03%) of the respondents agree that the appraisal system relates with their job, the rest chose to remain neutral or disagree with the statement. What can be inferred from the result is that the standards of the performance appraisal system were not adequately communicated and it needs to be communicated with regard to individuals' job summary. The result is triangulated by the mean value 2.853 that showed that PA standards were not properly communicated and employees were not aware. Therefore, in order to measure employees output the evaluation form must be designed according to employees' job description and it needs to be communicated. In general, the organization evaluation measurement to

employees' job was not sufficient enough to summarize the evaluation result of employees. This was also triangulated by open ended interview questions made to top management staffs and it was commented by the management that it is one of the various challenges of the performance evaluation system of the organization.

In item number 3, when respondents are asked whether the performance appraisal system were well aware of how the PA is conducted and whether employees were well informed 34 (53.99%) of the respondents indicated that it employees were aware. The remaining chose to remain neutral or disagree with the statement. This indicates that slightly more than a half of the employees considered that the current performance appraisal system of the organization is well known to them and all are well informed. Therefore, the management should further strengthen the existing information flow about the standard to have an encouraging performance evaluation system. This was also triangulated by the mean value 3.302.

In item number 4, employees were asked whether they receive feedback on their performance evaluation. The result shows, 35 (55.51%) of the respondents agreed with the statement, While the remaining chose to be neutral or disagree. The mean value 3.397 also indicates that the majority of the employees receive a feedback from the evaluation. Nevertheless it can be inferred that the feedback is not given in a consistent manner because 21 respondents out of the 63 confirmed that they are not getting feedback.

As can be seen from Table 4.2, item number 5 above, The response were asked whether they are provided training to fill the gap based on performance evaluation results only 17 (27.01%) agreed while the remaining chose to be neutral or disagree with the statement . The result showed that no adequate training was given to the employees. Item number 5 was triangulated by the interview question and the management responded not giving an adequate training to employee to do their job successfully was a challenge that t*he* organization has faced. This was because of the restricted fund for the program activities, as further asserted by the top management information. The result of the mean value was lesser than 3, i.e. 2.698 also showed that employees were not given adequate training.

In item 6, employees were asked whether the evaluation process identifies skilled employees 22 (34.87%) the result of the mean value of 2.714 agrees while the remaining chose to be neutral or

disagree with the statement. From the results it could be inferred that the evaluation process does not identifies skilled employees. This shows that employees did not have the opportunity to improve their performance Lack of an effective appraisal of employees' performance is observed. The organization requires to influencing the employees' job performance, with a systematic appraisal process with a certain level of motivation to improve the productivity of the organization and for job satisfaction. The inability of the organization for not identifying skilled employees was also a challenge that was triangulated by the top management while the interview questions were made.

When respondents are asked by item number 7; whether they discussed on the performance evaluation results with their immediate supervisor only 4 (7 %), of the respondents say that they discussed their results, while the remaining chose to be neutral or disagree with the statement. The result of the mean value 1.8 also showed that respondents considered performance appraisal results of employees were not properly communicated and discussed. It is important for the organization to see how well the individuals were doing their job. It is also inferred to be important for the organization to discuss the employees' performance results.

The top managements of ECS were also asked whether employees PA results were communicated to employees. They clearly commented that PA results were not discussed with employees for the fear of employees' expectation for development and training and for economical rewards, those who are good performers.

Table 4.3, Employees' Satisfaction on Performance Evaluation

Item No.	Research question two	Strongly agree			Agree			Neutral			Disagree			Strongly Disagree			Total Respondants		Mean
		No	%	Mean	No	%	Mean	No	%	Mean	No	%	Mean	No	%	Mean	No	%	
8	The performance evaluaion helped me improve my job performance therefore I am satisfied with the PE	12	19	0.19	8	13	0.13	14	22	0.22	17	27	0.27	12	19	0.19	63	100	2.86
9	The performance criteria used to measure my performance were clearly defined	12	19	0.19	22	35	0.35	8	13	0.13	15	23.8	0.24	6	9.5	0.1	63	100	3.3
10	The appraisal process is fair and transparent therefore I am satisfied with the PE	0	0	0	14	22	0.22	10	16	0.16	31	49.2	0.49	8	13	0.13	63	100	2.48
11	I agree with the evaluation results and I am also satisfied with it	2	3.2	0.03	15	24	0.24	14	22	0.22	26	41.3	0.41	6	9.5	0.1	63	100	2.7

Source: Own Survey, 2015

As can be seen from the above Table 4.3 item 8, 20 (31.75%) with a mean value of 2.86 agree that the PA helped the employees to improve their performance while the remaining chose to be neutral or disagree with the statement. It can be inferred that the organization Performance evaluation does not help the employees to improve their performance and that they were not satisfied with PAS. It is also inferred that the performance appraisal system do not cover the gap between the individual performance and that of the standards.

For item number 9, the respondents relied whether performance criteria used to measure the performance of employees and whether they are satisfied with it, 34 (53.97%) agreed with criteria used with a mean value of 3.3 and the remaining chose to be neutral or disagree with the statement. It can be inferred that the criteria used helped the organization to measure the performance of employees. It is found in the literature that in order to improve performance there have to be standards established, improvement should be measured with the set standard. Therefore, the organization must communicate the bench marks and the required performance standards to employees

As can be inferred from Table 4.3, item 10, showed that only 14 (22.25) agree on the fairness and transparency of the performance appraisal system. The remaining chose to be neutral or disagree with the statement. This is also triangulated by its mean value of 2.48. What can be inferred from this is that the performance appraisal system is not fair and transparent and employees are not happy with the results. It could be derived out that there is error of Recency that evaluator focus on recent performance with in the evaluation period in evaluations of ECS. Therefore, the evaluation process need to be very helpful tool and must avoid the possible appraisal errors to avoid the negative influence.

As can be observed from Table 4.3 item 11, 17 (26.975%) with mean value of 2.70 agree with the evaluation results while the remaining chose to be neutral or disagree with the statement. What can be inferred is that employees do not agree and were not satisfied with their evaluation results. This is one of the major challenges of the performance evaluation of the Ethiopian Catholic Secretariat.

Table 4.4: Opinions on the feedback of performance appraisal

Item No.		Strongly agree		Agree		Neutral		Disagree		Strongly Disagree		Total Respondan		Mean
		No	%	No	%	No	%	No	%	No	%	No	%	
12	The performance evaluaion serves as basis of job satisfaction	5	7.937	30	47.6	10	15.9	14	22.2	4	6.35	63	100	3.2857
13	The performance evaluation serves the basic of promotion	5	7.937	18	28.6	8	12.7	22	34.9	10	15.9	63	100	2.7778
14	The appraiser is the appropiate person to measure your performance	6	9.524	10	15.9	23	36.5	19	30.2	5	7.94	63	100	2.8889
15	The feed back I received for my performance was advantagious	5	7.937	30	47.6	14	22.2	4	6.35	10	15.9	63	100	3.254

Source: Own Survey, 2015

As can be seen from table 4.4 item 12, 35 (55.537%) of the respondents agree that the performance evaluation serves as a basis of job satisfaction; while the remaining chose to be neutral or disagree with the statement. Therefore, we can derive the opinion that majority of the employees are satisfied with the PA as it serves as a basis for job satisfaction. Similarly, the mean value 3.2857 and the interview sessions administrated with the management confirmed that the job satisfactions of employees are observed because of their independence to perform their job. But it should be noted that about 45% of the respondents opinion, that the contribution of the PA system of the organization to serve as a basis of job satisfaction is minimal. This indicates that there are problems in some offices.

As reflected on item 13 of Table, 23 (36.537%) agreed with the statement that the PA serves as the basis of promotion, while the remaining chose to be neutral or disagree with the statement. It is possible to conclude from the data that the organization did not use performance appraisal system for employees' promotion. The 2.77 mean values also showed this. Moreover, the interview question posted to the top management and the response is recorded that employees' good performance is appreciated by a letter rather than offering them promotion and economical benefit payments. This was also found to be the challenge to the organization.

In addition, when employees are asked whether the appraiser is the appropriate person as indicated in item 14, 16 (25.42%) and, a mean value of 2.889 also showed that employees agree with the statement while the remaining chose to be neutral or disagree. The result may indicate that the appraisers are not appropriate persons. It could be inferred that the organizations applied the traditional method of employee appraisal system. This was also one of the PA challenges of the organization, as depicted by top management during the interview sessions.

As can be seen form item 15, 35(55.537%) responses triangulated by mean value of 3.254 expressed their satisfaction with their position in the organization, while the remaining chose to be neutral or disagree with the statement. From the interview question made with the management it is inferred that since the organization is church based Nongovernmental organization the employees have freedom on their work and developed higher degree of belongingness therefore, employees like their organization though the results with regard to the criteria of the performance evaluation is more or less dissatisfying to them.

The organizations performance appraisal has been challenged for not giving positive feedback to employees' with good performance. ECS managers mostly have a problem of informing good performers because of the expectation of employees for a reward. And there is no constructive feedback or training for low performers to upgrade their performance because of lack of fund for trainings. From open ended questions respondents explained that this is mainly because of lack of budget for employee motivation. The budgets secured are restricted for program activities only

Table 4.5, Response on the major performance appraisal practices

m No.		Strongly satisfied		satisfied		Neutral		Dissatisfied		Strongly Dis satisfied		Total Respondants		Mean
		No	%	No	%	No	%	No	%	No	%	No	%	Mean
15	How do you feel about the current appraisal system	8	12.7	18	28.57	30	47.619	7	11.111	0	0	63	100	3.43
16	who appraise your performance	Immediate Supervisor		Employee /peer		Depatement Head		Committee		External Evaluator				
		45	71.43	4	6.349	14	22.222	0	0	0	0	63	100	4.49
17	What type of reward more satisfied you	Salary increment		Positional change		Letter of Apprerciation								
		43	68.25	0	0	0	0	0	0	0	0	63	100	3.41
18	Performance evaluation should be conducted	once in a Year		semi-annually		Quarterly		Monthly		none				
		11	17.5	38	60.3	14	22.2	0	0	0	0	63	100	3.95

Source: Own Survey, 2015

As can be seen from Table 4.5 item 15; 26 (42.6%) expressed that they feel satisfied with the current PA system while the remaining stayed neutral or dissatisfied with the statement. The dissatisfaction of the employees for the current PA system is one of the challenges observed. To minimize the challenges of the PA, the supervisor and the subordinates must jointly indentify the PA system in line with the organization goal. Therefore, the organization has to study the reason why employees are dissatisfied with the performance evaluation.

Table 4.5 item 16, Showed employees 45 (71.43%) preferred to be evaluated by their immediate supervisors, 4 (14.8%) preferred to be evaluated by peer group, 14 (38.89%) preferred to be evaluated by department heads. With the discussion made with employee as to why they preferred to be evaluated by employee, peers, the researcher understood that employees who mostly stay on fieldwork preferred that their performance better be evaluated by their immediate supervisor as their output could not be measured as profit making organizations

Table 4.5 item 17 on the aggregate showed us that most of the employees preferred to have a reward in the form of salary increment. That is 43 (69.91%), 15 (46.3%) of the employees preferred a positional change. While 5 (13.89%) preferred a letter of appreciation. With the discussion made with the management, employees prior interest is said to be a salary increment but by choosing positional change they expects a salary increment to be made. Those who preferred a letter of appreciation are the clergies and the religious staffs who normally are not paid with salaries. They only receive transportation and a minimal living allowance. From this it could be inferred that growth in output is registered when employees are rewarded by extrinsic rewards system, like pay bonuses, promotions, awards of office fixtures and the like. Therefore accordingly to the response of employees the organization must look ways for extrinsic rewards.

Response for item 18 of table 4.5 as to when evaluation should be done is that 11 (35.2%) preferred the evaluation to be done once in a year; while 38 (60%) preferred semi annually; 14 (44.4%) of them on the aggregate preferred quarterly. From this it could be inferred that though there was a difference in choice as to when the performance evaluation is done, there is an agreement that performance evaluation is necessary. The purpose of performance evaluation is to define the gap between the actual performance and the job to be performed. Therefore, in order to meet the main objective of the organization, the feedback process, to inform employees about their performance and the quality of work they produced under the period for the evaluation is recommended to be semiannually.

When top management were asked about the frequency of the evaluation process Lack of continuous appraisal system every half a year created a problem to upgrade commented that lack performers and to give training to low performers. That is lack of continuous measurement to fill the gap and to act immediately.

Table 4.6: Response on fairness and transparency of PAS

Item No.	Would you refer a friend toapply for a job in your	Yes		Partially Yes		Neutral		No		Absolutly Not			
20	Is the Appraisal process fair and transparent	0	0	14	22.2	10	16	31	49	8	12.7	63	100

Sources: Own Source, 2015

 As can be seen on table 4.6, Item 19, 50 (79.4%) of the employees are willing to refer to a friend to apply for a job. This indicated that thought employees might not be satisfied in overall situation on the performance appraisal system and with the rewarding system of the organization. When this question was asked to the management staff the peaceful situation in the organization would possible make staffs to refer a friend to apply.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

This chapter discussed about the summary of findings based on the questionnaires distributed and collected. The findings presented in chapter four are based on the summaries of the findings and the conclusions are derived from it. Moreover, the under listed recommendations are forwarded to improve areas that need improvement and to tackle the challenges.

5.1. Summary of Findings

The aim of the research was to investigate the practice of performance appraisal system on employee performance at Ethiopian Catholic Secretariat, based on the questionnaires distributed to 63 employees and, the interview sessions carried out. The findings presented in chapter four can be summarized as to the basic research questions.

First of all, the performance appraisal factors are not job related, that shows the Performance standards set for the managers and lower level employees are more or less similar. This does not properly translate the job requirements of the employees in question. This is mainly due to the lack of written job descriptions to each employee

- Secondly. Respondents with a choice of being neutral are observed to be those who choose to disagree with different items stated on the questionnaires this was because the respondents did not have trust on the PAS.

- Performance appraisal is also very important to identify those employees who require professional training, where the organization is not using the instrument in a well organized way to decide on such matters.

- Performance appraisal standards are a necessary instrument to differentiate and identify employees with outstanding performance and those employees with poor performance. The standards set do not show this. Therefore, employees are seeking fair evaluation, an adequate training and appropriate motivational factors that include fair pay, promotions and other benefits.

- Accordingly, to the managers response the information gathered showed that the performance appraisal do not focus on the six month period information by the supervisor of the employee this indicates that there is error of Recency

- The performance appraisal practices of ECS do not influence employees' behavior to work harder so as to increase their output.

5.2. Conclusions:

ECS uses the performance appraisal results for different decisions such as recommendations for promotions and in rare cases for transfers. The study revealed that the performance appraisal policy of ECS failed to distinguish good performers, average performers and low performers. Therefore, employees do not have faith in the evaluation system and to some extent on the evaluators. Moreover, the poor reward system of ECS is a major point that makes the performance appraisal system not to be acceptable. Therefore, employees strongly disagree with the evaluation process without appropriate training and development.

The judgments of performance, evaluator is not always in comparison with initially set targeted performance standards & benchmarks. Hence the acceptance level of the performance appraisal system by both the managers and lower level employees of ECS is observed to be very low for the reason of poor motivational factors. The performance appraisal system of ECS does not remove the complaints of employees about the function of the organization Professional skills. It does not identify the rise in pay, cash bonuses, promotions and Job satisfaction.

5.3. Recommendations

- To enhance maximum utilization the performance appraisal system should be part of the performance management process. That is the process from planning, up to controlling. The researcher recommended that employees' complaint for equal treatment of high and low performers with annual step increment must be given due attention. Moreover, ECS should investigate the level of pay and the benefit packages because evaluation without proper reward will not be advantageous.

- The appraisal system of ECS should be participatory supervisors should explain the results and subordinates should have to get feedback, and participation of subordinates in performance appraisal should be encouraged. The performance standards of the organization should have to have significance; that is the standards should be derived from the ECS goals and employees job requirements, which are indentified from employee job analysis. Moreover, Standards should be measurable and objective like work quality, total time to work should also be measurable avoiding absenteeism.

- ECS should investigate the level of pay and benefit packages that are given to its employees. ECS should have a newly revised benefit package and rewarding system by payment of bonus and educational fees and other economical supports besides the recommendation and appreciation letters; to have a positive impact on employees' motivation.

- Strengths and weakness of employees should be communicated following uniform procedures by immediate supervisors' in-order to avoid the difference in perception between the managers and employees. That is, Employees should know what they must do and what is expected of them and should know how their performance is measured.

- Repeated training should be give to the supervisors and to managers to conduct performance appraisal. Moreover, evaluators must be honest and fair and should have training on how to do the rating so that employees also would develop confidence by which the underlying challenges of the existing performance evaluation will have a solute

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Appendix: I

QUESTIONNAIRES

All data provided shall be kept confidential

This survey is about performance appraisal system of Ethiopian Catholic Secretariat (ECS)

You are kindly requested to spend a few minutes in replying the following questions

Please tick the answer for the following questions

1. What is your Job Category?

Senior level management is to mean: Secretary General, Director, Finance Head Administration Head

Middle Level Management to mean: Personnel officer, project Coordinators, Senior Accountants etc

Lower Level Management to mean: Accountants Executive secretary, senior clerks, Forman etc

- Senior level Manager   yes   No

- Middle level management   yes   No

- Lower level management   yes   No

- No management responsibility   Yes   No

2. For how many years have you worked in this organization?

0-2-------   3-5--------6-10----------11-20--------.>20--------

3. **Gender**:   Female or   Male

4. Your educational level

A, certificate   B, Diploma   C, First Degree   D, Second Degree

E, Doctor

S. No.	Descriptions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
5	Performance standards were set before PA evaluation process						
6	Employees were communicated the PA standards and the expected out come						
7	Employees were aware of how PA process is conducted and were well informed						
8	Employees Receive Feedback for the Evaluation						
9	I received Adequate training to do my Job						
10	The evaluation identifies skilled employees						
11	We discuss on my Performance evaluation Results with my supervisor						
12	The performance evaluation helped me improve my job performance therefore I am satisfied with the PE						
13	The performance criteria used to measure my performance were clearly defined						
14	The appraisal process is fair and transparent therefore I am satisfied with the PE						
15	I agree with the evaluation results and I am also satisfied with it						

16	The performance evaluaion serves as basis of job satisfaction					
17	The performance evaluation serves the basic of promotion					
18	The appraiser is the appropriate person to measure your performance					
19	The feedback I received for my performance was advantageous					
20	How do you feel about the current performance appraisal system of your organization?	strongly satisfied	satisfied	Neutral	Dissatisfied	strongly dissatisfied
21	Who appraise your performance?	Immediate supervisor	Employee peer	Departm ent Head	Committee	External Evaluators
22	What type of reward more satisfied you?	Salary Increment	Positional change	Letter of appreciation		
23	In your opinion performance evaluation should be conducted after how much time duration?	Once in a year	semi-annually	Quarterly	Monthly	None

ST.MARY'SUNIVERSITY
SCHOOL OF GRADUATE STUDIES

INTERVIEW QUESTIONS FOR SUPERVISORY LEVEL AND ABOVE

Please Briefly Explanation for the Following Questions

27What reward system would you think that would satisfy employees?

_____

_____

28- Did you get any training as an appraiser? If your answer is yes! How often do you get the training? And what kind of training do you get? After you are trained do you give training to others?

_____

_____

29. Do you declare appraisal results? If your answer is yes! How do you approach those with lesser results?

_____

30. How do you describe the practices and what challenges do you encounter of the current appraisal system?

_____

_____

Thank You! For dedicating Your Time!

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ato Goitom Abreham (Asst. Prof.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution f[r the purpose of earning any degree.

_____   _____

    Name   **Signature**

St. Mary's University, Addis Ababa   **June 2015**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

_____   _____

      Advisor   Signature

    St. Mary's University, Addis Ababa   June 2015