



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

**AN ASSESSMENT OF EMPLOYEES' PERCEPTION
OF PERFORMANCE APPRAISAL SYSTEM AT
AUDIT SERVICES CORPORATION**

**BY
DEMSASH GETACHEW**

**MAY 2017
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GENERAL MBA PROGRAM**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Terefe Feyera. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted for any degree.

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ENDORSEMENT

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

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LIST OF ACRONYMS/ABBREVIATIONS

ASC	Audit Services Corporation
HR	Human resource
MBO	Management by objective
OFAG	Office of the Federal Auditor General
PA	Performance appraisal
PAS	Performance appraisal system

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ABSTRACT

The main purpose of this study was to assess the employees' perception towards performance appraisal system of the Audit Services Corporation (ASC). The specific objectives of the study were: to examine the extent of awareness of appraisers regarding performance and appraisal objectives at ASC; to assess the employees' perception of the performance appraisal system at ASC; and to identify the performance appraisal methods currently applied at ASC. The methodology used was descriptive statistics for survey data and semi-structured interviews. Both primary and secondary data were collected using questionnaires, interview and written materials. Simple random samplings were used to collect primary information through survey questionnaire and also interviews were conducted with key management members who have direct involvement in the performance appraisal system. The finding of the study revealed that ASC is engaged in performance appraisal. However, the study found out that the Corporation practice shows shortcomings in the use of appraisal objectives and in the application of appropriate appraisal techniques. Moreover, employees' attitude towards the appraisal system was found to be at a medium level with respect to many attributes of performance appraisal. Hence, it is concluded that the Corporation should make its appraisal system: objective, fair, participatory, non-arbitrary, linked with employee performance and organizational goals, and also contribute to both the employees and the organization improvement. In addition, appraisers' should also have a sense of adequacy about appraising subordinates. Furthermore, the Corporation should alleviate its weakness by implementing modern and up to date appraising methods such as MBO and actively participating its employees in the process.

Key words: performance, performance appraisal, performance appraisal system

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988). Accordingly, an organization's success depends on their workforce and their abilities. If performance is conducted with good intentions to manage and improve performance of individual employees with a proper appraisal process, criteria, and purpose, it will lead to enhanced organizational efficiency, effectiveness and productivity. This research focused on the performance appraisal system and its effectiveness in the Audit Services Corporation (ASC).

In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Similarly, performance appraisal can also be defined by Armstrong (2006) as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. Mathis and Jackson (2010) further explained performance appraisal as it is to mean the process of determining how well employees do their jobs relative to a standard and communicating that information to them. Furthermore, according to Ahmad and Bujang (2013), the term performance appraisal is also called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. It is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set standard or objective. In principle performance appraisals can provide answers to a wide array of work-related questions, and by advancing a road map for success, poor performance can be improved. Even after a positive appraisal, employees benefit if appraisals help them to determine how to improve job performance. It is one of the most crucial human resource tool and a vital part of every organization. Nonetheless, the procedure continues to create dissatisfaction among subordinates and can often be seen as ineffective and unfair.

In addition, Freddie, Mbabazize and Shukla (2015) indicated that one of the most difficult requirements of an effective appraisal system is that it is as free as possible from bias. However, raters as a human being cannot deny the involvement of bias in their decision making on performance of the ratees. The only thing that the raters can do is therefore to minimize the level of unfairness as possible. In sensitive and ethical environment like the accountancy and audit industry, the quality, integrity and the extra effort of employees is vital, and in this regard, performance appraisal system plays a great role in creating these essential necessities. The research was conducted at ASC focusing on the identification and assessment of its performance appraisal system. ASC is a government owned public enterprise which was established in October 1977 by Proclamation number 126 of 1977. The main objectives of the Corporation as defined by the Proclamation are:

- i. To render audit services to production, distribution and service providing organizations of which the government is the owner or a major shareholder;
- ii. To render management consultancy services to the organization specified in (i) above; and
- iii. To find ways and means for the further development of the audit profession and to try to make Ethiopia self-sufficient within a short period in respect of the audit profession.

As a result, it is the principal organization in Ethiopia responsible for auditing public sector business organizations as well as government programs and projects. In providing its audit and related services, it charges fees on the basis of its charge out rate. The wide scope of government ownership in Ethiopia means that ASC undertakes the audits of all the Country's largest industrial and commercial companies, though the constitutional responsibility for auditing government-owned organizations is that of the Office of the Federal Auditor General (OFAG). Since OFAG has specialized in auditing those government organizations that depend on annual budgetary revenues apportioned by the Federal Government for their operations (i.e. ministries, commissions, agencies etc), it delegated the audit of public sector business organizations to ASC.

1.2 Statement of the problem

An effective performance appraisal system is highly important for an organization's success and employee's satisfaction and development. According to the study of Mathis and Jackson (2010), appraisal programs must be carefully developed to fully capitalize on the talents and efforts of employees. Previous researches indicate that some organizations experience dissatisfaction with their performance appraisal procedures. This dissatisfaction may signal that performance appraisal is not fully successful as a mechanism for developing and motivating employees to achieve high levels of performance. In addition, staff performance appraisal is a critical tool in the management of human resource for the achievement of an organization's goals and objectives if properly and adequately administered (Seniwoliba, 2014).

Different literatures may provide different performance objectives or goals so that appraisal system is perceived to be effective if it fulfills these objectives or goals. For instance, according to Kihan (2013), a performance appraisal system should fulfill at least the following objectives to be considered as effective: 1) Salary increment - performance appraisal plays a role in making decision about salary increase; 2) Promotion- it can be used whether an employee can be promoted to the next higher position or not; 3) Training and development - it can be used for devising training and development programmes appropriate for overcoming weakness of employees; 4) Feedback – it provides feedback to employees about their performance and thus a person works better when he knows how he is working; and 5) Pressure on employees – it puts a sort of pressure on employees for better performance. Furthermore, it is also used for identifying systemic factors that are barriers to, or facilitators of, effective performance; to confirm the services of probationary employees upon their completing the probationary period satisfactorily; to improve communication by providing a format for dialogue between the superior and the subordinate, and improves understanding of personal goals and concerns; and also to determine whether human resource (HR) programmes such as selection, training and transfer have been effective or not.

Another relevant issue to the practice of performance appraisal is its link to the outcome of feedback. Feedback on performance should be linked to individual capability development so that where gaps are identified; plans can be made for individual development (Markus, 2004). In addition, Fredie et al (2015) argues that implementation of staff performance appraisals should be

done on the basis of trust, is not only a duty of the raters but also of the ratees to actively get involved in the exercise as it leads to the smooth running and provision of constructive feedback aimed at improvement of the performance.

However, the preliminary investigation made by the student researcher at the ASC revealed that there exist some gaps such as lack of fairness, transparency and timeliness as identified during the preliminary investigation . The preliminary investigation was made in the form of review of the minutes of promotion committee meetings, staff complaint letters and informal discussions with human resource management personnel as well as with some senior employees. These all being added on the personal observation of the student researcher, the performance appraisal practice of the Corporation is at stake regarding fairness and timeliness. In addition, the Corporation's administrative directive also indicates that the employees' appraisal results should be kept confidentially and the appraisees are not allowed to see the results unless their result is below average (i.e. below 2.45 out of 5). This further implies that the appraisal system lacks transparency. Furthermore, a review of previous research on performance appraisal also indicates that most studies have been conducted in the developed countries which create a research gap that the study would wish to fill in. Even though there are some studies conducted in the case of Ethiopian, almost all of the performance appraisal studies were conducted on the various industries with little or no emphasis on the audit industry. In seeking to fill the above mentioned gaps, this research has been conducted at the ASC in relation to its performance appraisal system effectiveness.

1.3 Research questions

Considering the research problem identified, this study entails to look for answers to the following research questions in the process of designing and implementing effective employee appraisal system:

- a) To what extent are appraisers and appraisees aware of the performance appraisal objectives at ASC?
- b) What is the employees' perception of the performance appraisal system at ASC?
- c) What is the performance appraisal methods/techniques currently applied at ASC?

1.4 Objectives of the study

The general and specific objectives of the ASC are as follows:

1.4.1 General objectives

The general objective of the study is to assess employees' perception towards performance appraisal system by evaluating the awareness and perception of appraisers and appraisees and the methods applied in the appraisal system at ASC; and then provide recommendations to the top management based on the principles and concepts in the literature, and the empirical findings of the study.

1.4.2 Specific objectives

The specific objectives of the study are:

- a) To examine the extent of awareness of appraisers and appraisees regarding performance appraisal objectives at ASC;
- b) To assess the employees' perception of the performance appraisal system at ASC;
- c) To identify the performance appraisal methods currently applied at ASC;

1.5 Definition of terms

Performance: can be defined as what is expected to be delivered by an individual or a set of individuals within a timeframe. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered (Kumari and Malhotra, 2012)

Performance appraisal: is a systematic evaluation of personnel by supervisors or others familiar with their performance (Prasad, 2006). Furthermore, Ahmad and Bujang (2013) proposed alternative meanings to performance appraisal by stating that the term performance appraisal is sometimes called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating.

Performance appraisal system: consists of various interrelated elements involved in implementation, management, and communication of the events involved in performance appraisal (Walsh, 2003).

1.6 Significance of the study

There are several reasons to appraise a performance as appraisals provide information upon which promotion and salary decisions can be made. In addition, the appraisal can be central to the firm's career planning process and training and development programs. The study intends to empirically inform the ASC decision makers and other bodies concerned about the appraisal problem at hand to suggest ways and means of tackling the problem and to fill in current gaps specified by the problem to shed light for further studies. The study will also have practical significance for the other audit and accounting firms operating in the audit and accountancy industry as to how to manage human resource aspect of their organizations specifically by reducing high turnovers. Last but not least is that it is serving as a partial fulfillment of the Master's Degree in Business Administration.

1.7 Scope of the study

The study is delimited to the effectiveness of employee performance appraisal system implemented in the ASC located in Addis Ababa, which does not have a branch but a head office. The study covered both the professional and support staff of the Corporation's appraisal system; and the time covered in the study is 2003-2008 Ethiopian Calendar year as the preliminary assessment indicates that this is the time when the appraisal problem occurs.

1.8 Organization of the study paper

The study was organized into five parts; the first chapter provides introduction within which incorporates: background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and organization of the study paper. Chapter two provides literature review of the most important concepts of performance appraisal system. This chapter will provide an insight into these concepts by focusing on previous research studies in this area and present review literature relevant to the study. Chapter three covers research design and methodology. Chapter four consists of results and discussions of the data collected and analyzed. Finally, chapter five addresses the summary, conclusion and recommendation.

1.9 Limitations of the Study

There were external variables that deter the smooth running of the study in addition to the limitations of the research design itself. For instance, the lack of cooperation of the respondents and their commitment to complete the questionnaires timely and appropriately to provide the researcher with the relevant information could seriously limit the outcome of the research. Moreover, the time pressure faced by the researcher was also the other constraint with respect to the detailed study of the performance evaluation system of the ASC. To some extent, the lack of relevant and up to date literature was also the constraint during the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Definition and concepts of performance appraisal

This chapter reviews literatures relevant to the research objectives which build a theoretical foundation upon which the research is based.

2.1.1 Definition of performance appraisal

It would be useful to define the word ‘performance’ and ‘appraisal’ separately in order to see the distinction between them before defining the phrase ‘performance appraisal’. To begin with, ‘performance’ can be defined as what is expected to be delivered by an individual or a set of individuals within a timeframe. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered (Kumari and Malhotra, 2012). On the other hand, ‘appraisal’ is to mean the evaluation of worth, quality or merit. Therefore, performance appraisal of employees means the evaluation of their performance performed during a certain period of time.

In the organizational context, performance appraisal (PA) is a systematic evaluation of personnel by supervisors or others familiar with their performance (Prasad, 2006). It is also described as merit rating in which an individual is rated as better or worse in comparison to others. This is one of the oldest and most universal practices of management (Tripathi, 2006). In addition, according to Denisi and Pritchard (2006), performance appraisal is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process. Furthermore, it is an evaluation process in that quantitative scores are often assigned based on the judged level of the employee’s job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated.

According to Advisory, Conciliation and Arbitration Service (1988) booklet, the appraisal is an opportunity to take an overall view of work content, load and volumes to look back at what has

been achieved during the reporting period and agree objectives for the next. In addition, Armstrong (2006) stated that appraisals can help to improve employees' job performance by identifying strengths and weaknesses and determining how their strengths may be best utilized within the organization and weaknesses overcome.

Furthermore, Ahmad and Bujang (2013) proposed alternative meanings to performance appraisal by stating that the term performance appraisal is sometimes called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. Performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behaviour and performance in relation to a pre-set standard or objective. It can also be seen as the systematic description of individual's job-related strengths and weaknesses for the purposes of making a decision about the individual. In another term, performance appraisal is a process of evaluating the behaviour of the employees in the workplace, or can also be referred as a process of giving feedback on employees' performance. It involves a very complicated process and various factors can influence the process. Based on the above definitions, performance appraisal can be defined as the process and result of an assessment and evaluation of employees' performance based on pre-determined criteria and performance objectives.

2.1.2 Performance appraisal visa vis. performance management

It is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences between them. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges and focuses on the future (Armstrong, 2006).

In comparison of performance appraisal and performance management, Toppo and Prusty further state that performance appraisal sets job standards and evaluates past performance based on such set standards. It is mainly used as a tool for employee evaluation in which the managers were

impelled to make a subjective judgment about the performance and behaviour of the employees against the predetermined job standards. Whereas performance management aims at managing performance on a real-time basis to ensure that performance reaches the desired levels. It is a continuous and on-going proactive mechanism to manage the performance of an employee to achieve the set targets on a real-time basis, without reviews or corrective actions at some point in the future. It is a line activity and remains ingrained in the employee's day to day work.

2.2 Objectives of performance appraisal

Under this section, the objectives and purposes of performance appraisal are discussed with reference to different related literatures.

Performance evaluation serves a number of purposes in organizations. Management uses evaluation for general human resource decisions. Evaluations provide input into such important decisions as promotions, transfer, and terminations. Evaluations identify training and development needs. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy (Mahapatro, 2010). Performance appraisal is made against the pre-set standards and objectives. In this instance, Armstrong (2006) contended that performance appraisal is sometimes called 'results-orientated appraisal' because it incorporates the agreement of objectives and an assessment of the results obtained against these objectives. Ratings are usually made against overall performance and in relation to individual objectives. Similarly, Ahmad and Bujang (2013) further note that performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set standard or objective.

Different researchers on performance appraisal system suggest appraisal objectives in a similar way though they classify them in a slightly different manner. In this case, Toppo and Prusty (2012) proposed performance appraisal objectives to incorporate the following elements: 1) Provide inputs to (a) system of rewards comprising salary increment, appreciations, additional responsibilities, promotions, etc., and (b) salary administration; 2) Generate adequate feedback and guidance from the reporting officers to the employee; 3) Enhancing employee's effectiveness: helps the employee to overcome his weaknesses and improve his performance by providing

appropriate training and development program; 4) Help identifying employee for the purpose of motivating, training and developing them; and 5) Generate significant, relevant, free and valid information about employees.

Similarly, Kihan (2013) presents appraisal objectives by emphasizing that a performance appraisal system should fulfill at least the following objectives to be considered as effective: 1) Salary increment - performance appraisal plays a role in making decision about salary increase; 2) Promotion- it can be used whether an employee can be promoted to the next higher position or not; 3) Training and development - it can be used for devising training and development programmes appropriate for overcoming weakness of employees; 4) Feedback – it provides feedback to employees about their performance and thus a person works better when he knows how he is working; 5) Pressure on employees – it puts a sort of pressure on employees for better performance. Furthermore, Seniwoliba (2014) also underlines that employees are evaluated on how well they accomplished a specific set of objectives that has been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO). MBO is a process that converts organizational objectives into individual objectives. MBO consists of four steps: goal setting, action planning, self-control and periodic review.

The above discussion shows that performance appraisal system should incorporate relevant and appropriate appraisal objectives so that appraisal can be made based on those pre-set objectives in order to avoid subjectivity and biasness during appraisal.

2.3 Employees' perception/attitude of performance appraisal

The employees' reactions to appraisals can be an important condition to improve the employees' performance. Recently, scholars have begun to argue that employees' emotions and perceptions are important in determining the efficacy of performance appraisal systems (Seniwoliba, 2014). The main aim of performance appraisal system (PAS) is evaluating personnel fairly. But, since people operate these systems, total objectiveness cannot be guaranteed. Many managers fail to comply with these systems in the organization and employees perceive that their managers are not concerned about them and do not appreciate their work properly. Perceptions are affected by the

object being perceived. One of the basic characteristics of human perception is selective organization. Perception is selective or in other words, only some of the characteristics of an object or event affect a given individual while others are ignored or are of no effect (Reitz, 1977).

Meyer, Boli, Thomas and Ramirez (1997) argue that perception of fairness exemplifies organizations' commitment to its employees. Often, managers perceive performance appraisals as a yearly event. In reality, Kolb and Osland (1995) noted that appraisal is a process that begins long before the appraisal interview and consists of reviewing legal requirement; translating organizational goal into individual objective or requirements; setting clear expectations for job performance and communicate both training and coaching that they require to meet the expectations; supplying adequate supervision, feedback, and coaching throughout the years; acknowledging employee accomplishments and diagnosing employee's relative strength and weaknesses and presenting all of these objectively during the appraisal interview to establish performance goals and development, plan with the employee, which include an action plan for improved performance or further education and the efficient future use to the employees' abilities.

Furthermore, employees' thoughts of PAS could be as important to the continuing success of the system as reliability and validity (Dipboye and Pontbriand, 1981). In addition, employee perceptions of the fairness of their performance appraisals are useful in determining the success of PAS (Erdogan, Kraimer and Liden, 2001). A vast amount of literature looks at whether performance appraisal is successful based on rating accuracy and qualitative aspects of the appraisal, but it is reasonable to suppose that employees' reactions to the appraisal system could have just as much influence on the success of an appraisal system (Cawley, Keeping and Levy , 1998). An organization might develop the most precise and sophisticated appraisal system, but if the system is not recognized by the staff, its effectiveness will be limited.

Fletcher (2004) provided three things that employees being appraised look for in a performance appraisal; these are: perceiving the assessment as accurate and fair, the quality of the existing relationship with the appraiser and the impact of the assessment on their rewards and well-being.

According to Cawley et al (1998), subordinates reactions to performance appraisal can be a way of measuring their outlook towards the system. The main reactions that can be assessed are their

satisfaction from the appraisal, the utility, whether they felt they were fairly appraised, how motivated they were from the appraisal and the accuracy of the system. In addition, Boachie-Mensah and Seidu (2012) advised that employees are likely to embrace and contribute meaningfully to the performance appraisal scheme if they recognize it as an opportunity for personal development, a chance to be visible and demonstrate skills and abilities and an opportunity to network with others, but if employees perceive performance appraisal as an unreasonable effort by management to try to closer supervise and gain control over tasks they carry out, they won't welcome the scheme as easily.

2.4 Performance Appraisal Process

Levinston (1979) emphasizes that performance appraisal needs to be viewed not as a technique but as a process involving both people and data. Performance appraisal is a continuous process whereby a rater will judge and evaluate their ratees. Although raters review performance after three, six, nine months or at the end of the year, ratees are still being observed consistently. Nevertheless, appraisals should be viewed as a participative process which involves raters and ratees. This can be seen as a reciprocal process whereby the successfulness of the activity lies on the mutual and honest understanding between both raters and ratees. The process must be viewed as a procedure that can benefit all parties in the organization especially the ratees and to achieve the organisation's goal. The appraisal activity can also be seen as a stimulus response-feedback process (Ahmad and Bujang, 2013).

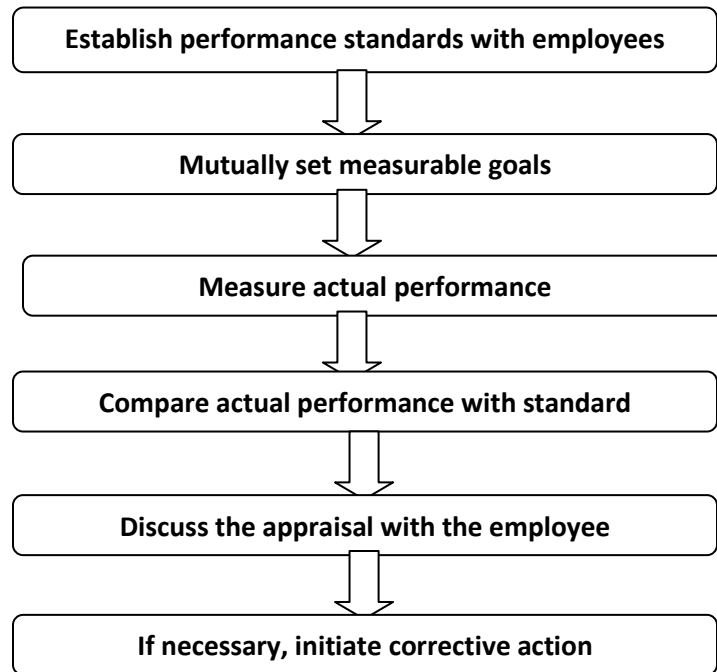
According to Decenzo and Robbins (2005), performance appraisal has six stages which begin with establishment of performance standards in accordance with the organization's strategic goals. These should evolve out of the company's strategic direction and, more specifically, the job analysis and the job description. These performance standards should also be clear and objective enough to be understood and measured. Too often, these standards are articulated in ambiguous phrases. The expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to, at some later date, communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards.

Once performance standards are established, next it is necessary to communicate these expectations; it should not be part of the employees' job to guess what is expected of them. Too many jobs have vague performance standards, and the problem is compounded when these standards are in isolation and do not involve the employee. The third step in the appraisal process is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure.

Four common sources of information are frequently used by managers regarding how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Having each of its strengths and weaknesses, however, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure, since the selection of the wrong criteria can result in serious, dysfunctional consequences. And what we measure determines, to a great extent, what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually seen in the first steps of the appraisal process. The fourth step in the appraisal process is the comparison of actual performance with standards. The point of this step is to note deviations between standards and actual performance so that we can proceed to the fifth step in the process in which the discussion of the appraisal with the employee is undertaken.

The sixth step in the appraisal is the identification of corrective action where necessary. Corrective action can be of two types; one is immediate and deals predominantly with symptoms, and the other is basic and delves into causes. Immediate corrective action is often described as putting out fires, where basic corrective action gets to the source of deviation and seems to adjust the differences permanently. Immediate action corrects something right now and gets things back on track. Basic corrective action asks how and why performance deviated.

The above discussed performance appraisal steps can be viewed in the following diagram.



Source: Decenzo and Robbins (2005)

2.5 Responsibility and time/frequency of performance appraisal

This section discusses the responsibility of appraising employees' performance and the time when appraisal is conducted. These are related to the assessment of employees' perception research question since employees' perception differs in relation to who appraises and when appraised.

2.5.1 Responsibility of performance appraisal

Who should evaluate an employees' performance? The obvious answer would seem to be his/her immediate boss. In this case, Mahapatro (2010) elaborated the above question and answer by proposing that by tradition, a manger's authority typically has included appraising subordinates performance. The logic behind this tradition seems to be that since managers are responsible for their employees' performance, it only makes sense that these managers do the evaluating of their performance. But, that logic may be flawed since others may actually be able to do the job better. Therefore, according to Mahapatro, employees' performance can be evaluated by 1) immediate supervisor, 2) peers, 3) self evaluation, 4) immediate subordinates, 5) 360 degree evaluation, or a combination of any of them.

2.5.2 Time to conduct performance appraisal

In any administration activity of an organization, PA has its own time to be conducted. In this instance, Mullins (1996) argues that everyone in the organization has his/her own time to conduct PA depending on their own philosophy of time period: with the majority of schemes, staff receives an annual appraisal and for many organizations this may be sufficient. Also more frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard.

Furthermore, Mathis and Jackson (1997) broadly explained the timing of PA as follows. First, an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed which is the less likely in motivating the behavioral change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

Second, a systematic appraisal is used when the contact between a manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year. Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal for 90 days after employment, again at six months, and annually these after is common timing. This regular time interval is a feature of formal appraisals and distinguishes them from informal appraisals. Both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable.

2.6 Model/conceptual framework of performance appraisal

For measuring the employee's overall performance, we can use the internal model proposed by Fekete and Rozenberg, (2014), where the brief explanation of the example of such a model follows taking into account employee's performance and compensation policy. According to Fekete and Rozenberg, the employee performance and compensation policy is based on the following five questions that are followed by the guiding principles:

1. How is the performance evaluated?
2. How is the overall performance measured?
3. How is the distribution of performance checked?
4. How to work with the overall performance results?
5. How is the performance evaluation connected with the compensation policy?

The internal model proposed by Fekete and Rozenberg (2014) which incorporates the above five questions were discussed by those writers using the following four subsections:

1. How is the performance evaluated?

The overall performance evaluation reflects and consists of the criteria which include individual performance, competencies / attitude and behavior, experience in a position and overall working experience. The overall performance evaluation is designed in a way that each of these four considered criteria has a given weight in the calculation of the total performance score (Fekete and Rozenberg, 2014).

2. How is the overall performance measured?

Now, how exactly are the above four criteria measured? In each part, the employee can receive points from 1 to 5 (1 min, 5 max). Competencies are measured against the company competency model, and attitude and behavior in accordance to the company values. Again, here each employee can receive 1-5 points (1 min; 5 max) for his or her level of competencies / attitude and behavior.

The competency model and the company values can be divided up into the following four areas:

- *Understanding the business of the company and its strategic direction.* This includes also analysis and problem solving issues that have impact on the company's business and financial results;

- *Delivering results.* That means being customer focused, innovative, willing to change things, and performance oriented;
- *Motivating people.* That means being able to engage and inspire the employees which cultivates relationships and networks among them, and fostering teamwork, cooperation, and communication;
- *Learning people.* People must be trained to adapt to changes and to cope with the challenges.

Each four criteria (performance, competencies, working experience, and experience in position) are given the scores (points from 1 to 5), which are then summed up totaling, for example, to 15 points that equals to overall performance evaluation (again the range for the overall performance evaluation is from 1 to 5) for the respective year (Fekete and Rozenberg, 2014).

3. How is the distribution of performance checked?

The overall performance evaluation score (1 to 5) should reflect individual performance, competencies / attitude and behavior in accordance to values, experience in position and working experience in the company. This evaluation is done with many employees each year by their respective supervisors. The individual scores from all evaluated employees are then summed up and statistically evaluated by means of the Gauss distribution curves of the overall performance evaluation. The current distribution of the overall performance evaluation is then compared against the expected one (Fekete and Rozenberg, 2014).

4. How to work with the overall performance results?

Overall performance evaluation is linked to compensation policy. Each point from 1 to 5 is connected to the salary grade. Point 1 is associated with low-grade salary, point 5 with high-grade salary. Employees with salary grade that correspond to point 1 to 2 need to improve performance, or be downgraded, or leave the company themselves or being dismissed. On the other hand, employees with salary grade that correspond to point 5 or near need to or can be promoted, or have 0% salary increase, or have salary reduction, or leave the company. When the employees that are experienced and have the right attitude are not promoted or their salary is not increased, they can later leave the company as a result of not respecting them by their managers. With these employees, managers have basically three options: be promoted hierarchically to a higher, more

challenging position, or be promoted to a more challenging position to another department or project, or having salary increase (Fekete and Rozenberg, 2014).

5. How is performance evaluation connected with the compensation policy?

Performance evaluation is then linked to the compensation policy with the levels from 1 to 5. Employees with salaries below level 1 (lowest 5%) need to improve their performance when they are able to and willing, or be downgraded when they are not able to and willing, or leave the company when there is no chance and willingness for improvement.

On the other hand, employees with salaries above level 5 (top 5%) need to be promoted if it is beneficial to both employee and company, or have 0% salary increase when an employee has reached compensation cap, or have salary reduction when an employee starts to have lower performance, or can leave the company when there are not enough suitable promotion opportunities for him, or her.

The compensation system should allocate a proposed salary increase based on performance group, position to market and decided principles (see below). Managers can make individual adjustments to the proposed salary increase. The salaries of all employees below or within level 1 score (irrespective of their performance) are automatically summed up to level 1. These are mainly newly-hired employees (Fekete and Rozenberg, 2014).

The above internal model developed by Fekete and Rozenberg is therefore useful to measure performance appraisal in a more objective and system based approach though it needs some more illustrations and detailed procedures to apply it properly.

2.7 Methods/techniques of performance appraisal

As Aryee and Chay (2001) and Bobko and Colella (1994) cited in Singh (2015) noted that there are various techniques/methods used for conducting performance appraisals, each having their own advantages and shortcomings. Depending upon the needs of an employee or an organization a performance appraisal method needs to be selected. All performance appraisal methods can be divided into two different categories namely past oriented (traditional) methods and future oriented (modern) methods

a) Past oriented (traditional) performance appraisal methods

1. Rating scale method

Rating scales are considered oldest and most popular methods to conduct performance appraisals. This method consists of several numerical scales representing job related performance criterions such as quantity of work, quality of work, dependability, initiative, judgment, attitude, attendance, cooperation etc. Rating scales can include five elements such as: unsatisfactory, fair, satisfactory, good and outstanding. The total numerical scores are computed to derive final conclusions.

2. Checklist method

In this method, performance appraisal is made based on descriptive statements about effective and ineffective behavior on jobs by preparing Yes/No type of questions. In checklist method, rater only does the reporting or checking and HR department does the actual evaluation for an employee.

3. Forced choice method

In this method, a series of statements are arranged in the blocks of two or more. The rater indicates which statement is true or false thus forcing him/her to make a choice while the actual assessment is done by HR department.

4. Forced distribution method

In this method, employees are clustered around a high point on a rating scale. Here, the rater is compelled to make difficult decisions and identify the most and least talented members of the work group. In this method, performance is assumed to conform to normal distribution.

5. Critical incidents method

In this method, specific incidents are identified and described where employees did something really well or that needs improving during their performance period. Raters record these incidents as and when they occur.

6. Behaviorally anchored rating scales (BARS)

Behavior of an employee plays an important role in organization. If provided with positive feedback, individuals can attribute more effective and fewer ineffective behaviors to the work group. Behaviorally Anchored Rating Scales (BARS) is a formatted performance appraisal method which is based on making rates on behaviors or sets of indicators to determine the effectiveness or ineffectiveness of working performance. This method is a mix of the rating scale and critical incident techniques to assess performance of the employee.

7. Field review method

In this method, the appraisal is done by someone outside employee's own department. The rater can be from corporate or HR department of the organization.

8. Performance tests and observations

This method is based on the test of knowledge or skills of an employee. These tests can be in written format or an actual presentation of skills.

9. Confidential records

This method is commonly used by government departments, but it can also be used in any industry as well. Here, the appraisal is done in the form of Annual Confidentiality Report (ACR) which may record ratings with respect to attributes like attendance, team work, leadership, self expression, initiative, technical ability, reasoning ability etc. This process is highly secretive and confidential in nature.

10. Essay method

In this method, raters are required to figure out the strong and weak points of employee's behaviors. This method is a non-quantitative technique and is often mixed with the graphic rating scale.

11. Cost accounting method

In this method, performance of an employee is evaluated from the monetary returns yields to his or her organization.

12. Comparative evaluation method (Ranking and paired comparison)

These are collection of different methods that compare performance of an employee with that of other co-workers. The techniques used are either ranking method and paired comparison method.

12.1 Ranking Method

In this method, superior ranks his employee based on merit, from best to worst.

12.2 Paired Comparison Methods

In this method, each employee is rated with another employee in the form of pairs. The number of comparisons can be calculated with the help of a formula.

The above methods are focusing on past events and performances. Even though past performances are the basis for appraisal, unless specific objectives are set, discussed and agreed between the

appraiser and appraisee at the very beginning of the appraisal period, these types of appraisal is leading to subjectivity and biasness. In addition, as these types of appraisals are past oriented, they are less important for future development.

b. Future oriented (modern) performance appraisal methods

1. Management by objectives (MBO)

In this method, managers or employers set a list of objectives and make assessments on their performance on a regular basis, and finally make rewards based on the results achieved.

This method focuses more on the results achieved (goals) but not to the way how employees can fulfill them.

2. Psychological appraisals

This method is used to assess employee's potential for future performance rather than the past one. It is done using in-depth interviews, psychological tests, and discussion with managers. This method focuses on employee's emotional, intellectual, and motivational and other personal characteristics affecting his/her performance.

3. Assessment centers

In this method, managers gather to participate in job related exercises which are evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. The key attributes assessed in this method are persuasive ability, communicating ability, assertiveness, planning and organizational ability, resistance to stress, self confidence etc.

4. 360 Degree Feedback

In this method, performance data on an employee is derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self.

The above four modern methods of performance appraisal are based on pre-set performance objective and thus they are more useful than past oriented methods. These methods thus help for future development and performance improvement.

2.8 Factors affecting effectiveness of performance appraisal

Under this section, the meaning of effectiveness of performance appraisal is discussed first and then factors affecting its effectiveness follow with reference to related literatures.

2.8.1 Effectiveness of performance appraisal

According to Piggot-Irvine (2003), performance appraisal effectiveness occurs when appraisal interactions are non-controlling, non-defensive, supportive, educative and yet confidential. Effective appraisal therefore is underpinned by a relationship of respect and has outcomes directly linked to improved learning and teaching. Effectiveness is also linked to appraisal processes and information that have clarity, objectivity and high integrity.

Piggot-Irvine found in her study that for performance appraisal to be effective, the system should be confidential, informative, have clear guidelines and be educative. In order to have effective appraisal, the process must be embedded completely throughout the organization where the values shape part of the fabric of the everyday life of the workplace.

Furthermore, to meet the vision, mission, objective, goals and targets of an organization or an institution, everyone should set clear and precise methods of performance appraisal system objectivity. If so, effective output of performance appraisal system leads an organization to prosper, especially in the environment where formal learning and other similar activities are held. As a result, every employee's awareness leads to set and control how to implement effective performance appraisal system. Nelson, Oxley and Clawson (1997) suggest that an effective performance appraisal system has about five main characteristics:

Validity – it comes from capturing multiple dimensions of the person's job performance.

Reliability – it comes from capturing evaluation from multiple sources and at different times over the course of the evaluation period.

Responsiveness – It allows the person being evaluated some input in to the final outcome.

Flexibility - it opens to modification based on new information.

Equitableness – it results in fair evaluations against established performance criteria, regardless of individual differences.

What and whichever the appraisal method is used, the main point is that managers and employees must understand the purposes of performance appraisal system. So, consistent with the strategic mission of the organization, useful as an administrative tool, legal as development tool, as documentation of employee's performance are points of chances to be obtained if and only if performance appraisal is practiced properly. Furthermore, the requirement for performance effectiveness is indeed demanding. This was asserted by Armstrong (2009) by stating that a "good" performance appraisal scheme must be job related, reliable, valid for the purposes for which it is being used, standardized in its procedures, practical in its administration and suited to the organization's culture.

2.8.2 Factors affecting effectiveness of performance appraisal

Levinson (1976) wrote by stating that it is widely recognized that there are many things wrong with most of the performance appraisal systems in use. He thought that the most obvious drawbacks were:

- Judgments on performance are usually subjective, impressionistic and arbitrary.
- Ratings by different managers are not comparable.
- Delays in feedback occur that create frustration when good performance is not quickly recognized and anger when judgment is rendered for inadequacies long past.
- Managers generally have a sense of inadequacy about appraising subordinates and paralysis and procrastination result from their feelings of guilt.

The following is a discussion made by different writers as referenced accordingly hereunder regarding the major appraisal barriers discovered so far with respect to problems of the appraiser, the appraisee and the system.

1. Problem with the appraiser

It should be clear that even if the system is well designed, little knowledge and skill on the side of the raters can lead to a series of problems and errors in completing an evaluation; some of which are outlined below:

Halo Effect

The halo effect appears in the evaluation when the evaluator perceives one factor has had a paramount importance and gives a good or bad overall rating to an employee based on this one factor (Mondy, 1990). This is a tendency to erroneously rate employee by assigning the same rating to all dimensions of the performance (Glueck, 1982).

Central tendency

This is the tendency of appraisers for erroneously rate employees near average. Many raters avoid using high or low ratings mainly because they possess inadequate performance evidence to discriminate employee's level of performance evidence to discriminate employee's level of performance and thus follow a philosophy that everyone is about average and rate subordinates around 3 on a 1 to 5 scale (Ivancevich, 1989).

Constant error

According to Ivancevich, this is a persistent problem of appraiser who often tends to be lenient or strict in rating employees. Appraisers vary in their perception of rating personnel performance. Some are easy raters rating appraisees extremely high and some are strict raters rating appraisees extremely low.

Recent behavior bias

Many appraisal results suffer objectively because appraisers often tend to target of one not concerned about the cumulative past performance of employees. As a result, appraisal results of employees are determined only by evidence obtained just before appraisal rather than by the average behavior an employee has exhibited in his past several months of performance (Heneman, 1986).

Personal bias

Supervisors doing performance appraisal may have biases related to their employee's personal characteristics such as race, religion, gender or age. Many valid appraisals are thus invalidated by bias on the part of the appraiser. Some raters like certain employees better than others in which case the ultimate effect would be prejudiced against groups of people (Ivancevich, 1989).

Lack of objectivity

A potential weakness of the traditional performance appraisal method is that they lack objectivity in the rating scales. For example, commonly used factors such as attitude, loyalty and personality are difficult to measure (Monday, 1990).

2. Problems with the appraisees

For the evaluation system to work well, employees must understand and feel that it is fair, and must be also work oriented enough about the results. One way to foster this understanding is for the employees to participate in a system design and be trained to some extent in performance evaluation (Glueck, 1982). The underlying assumption is that employees need to initialize the purpose of appraisal system and willingly accept the performance criteria and processes of appraisal as realistic, helpful and reliable.

According to Cook (1995), organizations occasionally exist in which subordinates gain credit for pushing ahead with management plans that are absurdly wrong, in pursuit of aims which are completely pointless, stifling criticism either on purpose or of method with cries of “commitment” and “loyalty”. There are three underlying types of ingratiating behavior, or “upward influence styles”:

- Job-focused ingratiation - claiming credit for things you have done and not done, claiming credit for what the group has done, arriving at work early to look good, and working late to look good.
- Supervisor-focused ingratiation - taking an interest in the supervisor’s private life ,praising the supervisor, doing favors for the supervisor, volunteering to help the supervisor, complimenting the supervisor on his/her appearance and dress, agreeing with the supervisor’s ideas.
- Self-focused ingratiation - presenting self to the supervisor as a polite and friendly person, working hard when results will be seen by the supervisor, letting the supervisor know that you are trying to do a good job.

Research suggests, however, that ingratiation does not always succeed in obtaining good performance ratings. Unsubtle ingratiation may sometimes be too blatant to be credible, or

palatable. Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization. Besides undermining performance appraisal, and selection research, this tends to be bad for morale, when staff sees persons whose true performance is poor, but who are good at ingratiating themselves, get merit awards, or promotion, or other marks of favor.

On the other hand, defensiveness and resistance to evaluations are also major problems among workers. To many employees, performance appraisals can be a highly threatening experience. This is because employees regard their performance much more positively than did his supervisor. Research showed that, employees may develop defensive mechanisms and resistance in performance ratings to defend against threats to their self-esteem (Beer, 1987; Campbell and Lee, 1988). The defensiveness may take a variety of forms. Subordinates may try to blame their unsatisfactory performance on others or on uncontrollable events; they may question the appraisal system itself or minimize its importance; they may demean the source of the data; they may apologize and promise to do better in the hope of shortening their exposure to negative feedback; or they may agree too readily with the feedback while inwardly denying its validity or accuracy. The defensiveness that results may take the form of open hostility and denials or may be masked passively and surface compliance.

3. Problems with the design and operations of the system

According to Beer (1987), many of the problems with performance appraisal stems from the appraisal system itself, such as the objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system. The appraisal system can be blamed if the criteria for evaluation are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus solely on activities rather than output (results), or on personality traits rather than performance, the evaluation may not be well received.

On the other hand, Henderson (1984) argues that performance appraisal system is not generic or easily passed from one company to another; their design and administration must be tailor- made to match employees and organizational characteristics and qualities. In addition, according to Boice and Kleiner (1997), organizations need to have a systematic framework to ensure that

performance appraisal is “fair” and “consistent”. In their study of “designing effective performance appraisal system”, they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria. They further argued that the system should help to create a motivated and committed work force. The system should have a framework to provide appropriate training for supervisors, raters, and employees; a system for frequent review of performance; accurate record keeping; a clearly defined measurement system; and a multiple rater group to perform the appraisal.

2.9 Dealing with challenges of performance appraisal

Bretz, Milkovich and Read (1992) underlined that in order to create better systems, researchers have traditionally focused on validity and reliability by designing newer “forms” of performance appraisals (e.g., behavioral-based systems that better define specific essential job functions of employees or 360-degree feedback mechanisms that allow for cross-validation via multiple raters). Improving any performance appraisal system is a complex proposition that requires developing sound appraisal procedures and motivated as well as skilled raters. Appraisal training is important to the success of an appraisal system. There is no substitute for training, which can minimize the occurrence of rating errors and improve reliability and validity (French, 1990 cited in Seniwoliba, 2014).

In order to meet the requirements and expectations of each stakeholder, the 360 degree approach should be used. This states that it is good practice to get assessment from peers, subordinates, clients, associates and all other people who have contact with the staff including their own manager at the home country if staffs are working in a foreign company branch (Itika, 2011). Furthermore, Katsanis, Laurin and Pitta. (1996) propose several recommendations on the basis of their research for the development of performance appraisal methods:

- Gain support of both human resources and top management;
- Use qualitative versus quantitative criteria;
- Allow for input when developing performance standards and criteria;
- Make sure the performance appraisal system is not dated;
- Ensure managers take ownership of the performance appraisal system;

- Attempt to eliminate internal boundary spanning by creating direct reporting relationships where possible;
- Utilize performance targeting to appraise PMs;
- Be aware and act on environmental forces as they affect the organization.

In addition, Ahmad and Bujang (2013) concur with the preceding researchers regarding the ways to deal with PA challenges by classifying the solutions in to three categories as discussed following.

User-friendliness of performance appraisal form

Studies undertaken by Scoot (2001) and later on developed by Edell (2003) indicated that performance appraisal needs to be user-friendly to both the supervisors and supervisees. There are several factors to be considered to ensure that the performance appraisal instrument is user-friendly; content - rated on the level of documentation provided for the information presented; ease of use - rated on the usability of the system, easy to answer questions, consistent page layout and free from unnecessary questions; time - rated on the amount of time needed to answer all the questions, less questions means less time is needed to complete it; clear - content should be clear and not ambiguous; direct questions - all questions should be straightforward and attractive and the layout or format of the form should be economical. The usage of ICT tools and devices may help to replace the traditional format of the forms. For example, expert systems can be used to assist supervisors and managers with situation assessment and long-range planning.

Win-win situation in performance appraisal

A win-win situation is the ultimate goal of negotiations. In the performance appraisal, it happens when a solution is found to be beneficial for both parties. Both parties would mutually agree on their needs and expectations, and ideally everyone will be satisfied with the solution produced. In addition, the process of reaching a win-win situation may foster learning and growth. This can lead to a greater understanding and a more positive relationship between those involved.

Performance appraisal training

Training plays an important role in an organization's life. For the performance appraisal purposes, several objectives of training can be identified such as to develop the raters' skill, knowledge and abilities in performing their job; to uplift the credibility on appraisal process; to seal problems faced; to cope with new issues; to fulfill the demand for skilled workers; and to grasp on most successful asset of organization. In general, training can be beneficial to an organization through better understanding of the appraisal system; strengthening the positive perception of the system; create sense of awareness and also by encouraging the organization to be a learning organization. For employees, training on appraisal can enhance their understanding on the system. Apart from upgrading their competency and efficiency, employees are able to discuss with the management group in improving performance appraisal's decision.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research design

As this research paper was a case study, it was conducted using mixed method, which combines elements of both qualitative and quantitative research methods. The student researcher used descriptive type of research so that it would clearly describe and specify the practices, purpose and challenges that would come up with the issues of performance appraisal undertaken. Responses for the survey data were summarized and presented using the Microsoft Excel program.

3.2 Sample and sampling techniques

The population is the employees of Audit Services Corporation (ASC) and a random selection was done from the employees' list within the Corporation. The sample size was determined first by identifying and listing the population, then by selecting sample respondents out of the population on random sample basis for whom the survey questionnaire could be distributed. In this case, ASC has a total of 150 employees that include both management and non-management staff members. The desired sample size was 108 (72%), which was calculated by sample determining technique developed by Krejcie and Morgan (1970). In order to collect the necessary data, the student researcher took the employees who were involved in the performance appraisal system which include both the appraisers and appraisees. This study used probability sampling, particularly simple random sample which gives equal chance to all participant to be selected. In addition, the selection of any unit does not affect the selection of others.

On the other hand, the student researcher used semi-structured interview because it is useful instrument to understand the reason and to check the consistency or variation of the survey responses with the interview responses. Interview was conducted with senior management members at different hierarchical level who were promotion chairperson, corporate services director and HR officer whom were believed to be typical representatives of both appraisers' and appraisees at different levels in the Corporation. The interview questions were prepared based on the research questions and the related literatures which could highlight the key points in the appraisal system. Here, an

extensive discussion was held with the interviewees intended to provide general perceptions on how the ASC has dealt with issues of performance appraisal.

3.3 Types of data sources and instruments of data collection

The study used both primary and secondary data sources that could help to have more detailed information on the topic. The primary data were collected through questionnaire and semi-structured interviewing conducted on both appraisers and appraisees. The survey data collection procedure was that first by distributing the survey questionnaires to the randomly selected sample respondents, then following up and collecting the completed questionnaires from respondents which data then become available for analysis and discussion. The semi-structured interview data collection procedure was that first identifying those who were directly related to the ASC's appraisal system, then asking those nominated interviewees for their consent by telling them the purpose of the interview and once they agreed for the interview, a date for the interview was agreed and finally the interview was conducted and the interview data were available for analysis and discussion. The secondary data were gathered from administrative guidelines, annual reports, minutes, archives and other managerial reports of the Corporation. Pilot test had been also conducted among five prospective employees prior to conducting the actual research in order to assure the effectiveness of the techniques.

3.4 Methods of data analysis

Having collected the data, the study employed manual and computerized data processing activities such as coding, classification and tabulation of the collected data. This helps to clean up and detect errors and omissions in responses and whether the questions were answered accurately and uniformly. Finally, the raw data were ready for further data analysis.

Data analysis is the application of reasoning to understand the data that have been gathered from respondents; and the appropriate analytical technique of the analysis is mainly determined by the characteristics of the research design and the nature of the data gathered, (Saunders, Lewis and Thornhill, 2009). In line with this, the data collected from the primary source (survey data) were tallied, systematically organized, tabulated and summarized in item base on tables. Descriptive statistics such as percentage, ranking and mean were the tools used to summarize and analyze the data gathered from the respondents. Furthermore, interview data were summarized and compared and contrasted with each other of the interviewees' responses to see the responses similarities or

differences. Then, these summarized interview responses were incorporated in the results and discussions part of this paper as appropriate following the related survey responses.

3.5 Ethical Consideration

The ethical issues were considered in the study: informed consent (by informing the respondents regarding the background of the study, including the importance of the data was gathered from them) and issues of confidentiality (by ensuring the respondents that all of the information in this study was solely used for academic purposes only)

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter deals with the analysis and interpretation of data collected from the questionnaire and interview taken from employees of the ASC.

4.1 Characteristics of the respondents

To discuss the data, the respondents were categorized into five demographic variables by gender, age, length of service in the Corporation, length of service in current position and academic qualification. Each group of data is demonstrated in Table 1 on the next page.

Table 1: Characteristics of the respondents

S.N	Variables	Type	Count	%
1	Gender	Male	70	70.7
		Female	29	29.3
		Total	99	100
2	Age (in Years)	Under 25	8	8.1
		26 - 35	30	30.3
		36 - 45	34	34.3
		Above 45	27	27.3
		Total	99	100
3	Total services in the Corporation (in Years)	0 - 5	32	32.3
		6 - 10	23	23.2
		11 - 15	16	16.2
		16 - 20	8	8.1
		21 and above	20	20.2
		Total	99	100
4	Total services in the current position (in Years)	0 - 2	45	54.5
		3 - 5	32	32.3
		6 - 10	14	14.1
		Above 10	8	8.1
		Total	99	100
5	Education qualification	High School graduate	1	1.0
		Tech. school graduate	3	3.0
		College diploma	11	11.1
		BA/BSc degree	79	79.9
		Masters degree	1	1.0
		Other (ACCA)	4	4.0
Total			99	100

Table 1 above discloses that out of 99 respondents, 70.7% are male while the rest 29.3% are female. This shows that though female respondents are fewer than male, both of them are fairly represented in the survey questionnaire. With regard to the respondents age, out of 99 respondents, most of the respondents age category lies between 36 up to 45 which constitutes about 34.3% and followed by 30.3% and 27.3% of the respondents are also aged between "26-35" and above 45, respectively. The rest are under 25 years which constitute about 8.1%. Since most of the respondents are above 25 years old, the researcher is convinced that they are mature enough to provide genuine responses to the questions. Accordingly, this could positively contribute to the validity of the data.

The total working experience of the respondents indicate that 32.3% of them have work experience of "0 – 5" years followed by "6 – 10", 21 and above and "11 – 15" years which constitutes 23.2%, 20.2% and 16.2%, respectively. The remaining 8.1% fall under "16 – 20" years of experience. This implies that most of the respondents worked for more than six years and it is assumed that they could be able to provide informed response about the Corporation's appraisal system.

On the other hand, the total experience of the respondents in their current position shows that most of them have served up to 2 years which constitute about 54.5% followed by "3 – 5" and "6-10" years which constitute 32.3% and 14.1%, respectively. The rest 8.1% fall above 10 years of experience. This implies that most of the respondents are working in new job positions which further indicate that they may change their job position in a short period of time which could happen due to performance appraisal.

Regarding respondents' education qualification, the study discloses that most of the respondents which constitute about 79.9% are bachelor degree holders followed by 11.1% diploma holders. The rest of respondents constitute that 4% are others who are members of the Association of Chartered Certified Accountants (ACCA), while 3% technical school graduates, 1% masters degree and 1% high school graduate. This shows that the majority of the respondents' are bachelor degree holders who have the potential to understand what was asked in the survey questionnaire. This as well could contribute to the validity of the data.

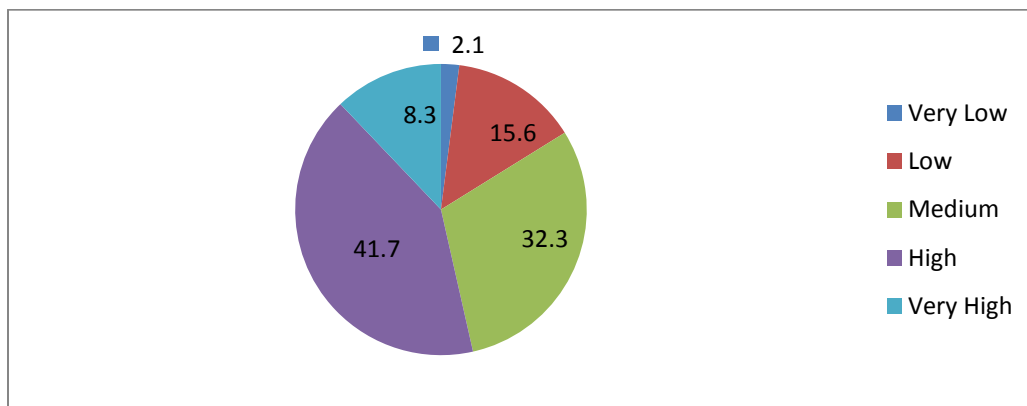
4.2 Results and discussions

In order to get a representative data, 108 copies of a questionnaire were prepared and distributed to employees of the Corporation. Out of these copies, 99 were completed and returned while the rest 9 were not returned which resulted in a response rate of 91.7%. Accordingly, tables and charts are demonstrated to facilitate easy understanding. While the open-ended questions and interviews are analyzed in relation to the related research questions to further substantiate the responses obtained from the questionnaires.

4.2.1 The extent of employees' awareness of the performance appraisal objectives/purposes of the Corporation

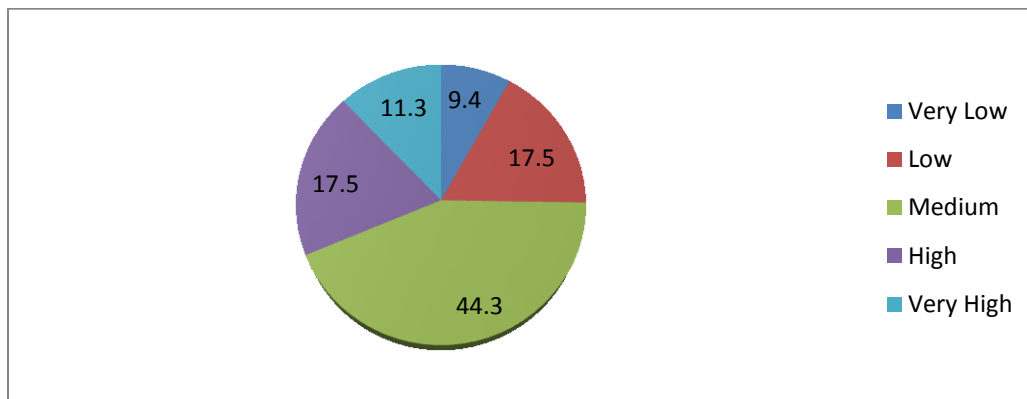
Employees in general are expected to know the performance appraisal (PA) objectives against which their performance result is evaluated. In this respect, Armstrong (2006) argues that ratings are usually made against overall performance and in relation to individual. He further contends that performance appraisal incorporates the agreement of objectives and an assessment of the results obtained against these objectives. In line with this contention, the employees' level of awareness of the existence of performance objectives was assessed. Moreover, their perception about the extent to which the performance appraisal objectives are met by the Corporation was also asked. Accordingly, the feedback of the respondents in these regards are presented and discussed hereunder.

Figure 1: Respondents' level of awareness on PA objectives/purposes (in percent)



According to Figure 1 above, the response rate regarding the respondents level of awareness on performance appraisal objectives indicates that 50% of the respondents have above medium (either very high or high) level of awareness whereas 17.7% of respondents have below medium (either very low or low) level of awareness. The rest 32.2% of the respondents have a medium level of awareness of performance appraisal objectives. This shows that about half of the respondents have high level of awareness about the existence of performance appraisal objectives in the Corporation. This further implies that the respondents' have a good level of understanding about their appraisal objectives which enables them to perform towards the achievement of their appraisal objectives. Furthermore, these appraisal objectives are essential which serve as a guideline for employees' performance. In this case, According to Decenzo and Robbins (2005), the expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards or appraisal objectives.

Figure 2: Respondents' level of knowledge regarding performance appraisal objectives/ purposes (in percent)



As disclosed in Figure 2 above, the response rate regarding the respondents' level of knowledge about performance appraisal objectives shows that 28.8% of the respondents have above medium level of knowledge whereas 26.9% of them have below medium level of knowledge. The rest 44.3% of the respondents have a medium level of knowledge of appraisal objectives against which they are evaluated. This shows that a significant number of the respondents have a medium level of

knowledge on the appraisal objectives against which they are evaluated. This level of knowledge is neither high nor low. In this case, in order to achieve performance at the required level, employees' level of knowledge is expected to be raised above medium level.

Table 2: The extent to which performance appraisal objectives/purposes are met by the Corporation

S. N	Appraisal objectives		Extent of Meeting Objectives					Total	Statistical Comparison		
			VH	H	M	L	VL		Mean	Std. Dev	Variance
A	For salary increment	Count	18	19	35	17	10	99	3.16	1.21	1.46
		%	18.2	19.2	35.4	17.2	10.0	100			
B	For promotion	Count	26	27	33	10	3	99	3.62	1.07	1.14
		%	26.3	27.3	33.3	10.1	3.0	100			
C	For training and development	Count	3	6	18	31	39	97	1.98	1.07	1.14
		%	3.0	6.2	18.6	32.0	40.2	100			
D	For giving feedback	Count	6	7	19	29	37	98	2.14	1.18	1.39
		%	6.1	7.1	19.4	29.6	37.8	100			
E	For performance improvement	Count	5	11	16	27	38	97	2.16	1.24	1.53
		%	5.2	11.3	16.5	27.8	39.2	100			

As disclosed in Table 2 above, there are five key performance appraisal objectives which are supposed to be applied in the Corporation. In this regard, the extent of the application of these performance appraisal objectives was rated by the respondents. For this analysis purpose, either very high or high responses are considered as high whereas either very low or low are considered as low. The results are aggregated and interpreted as follows: Low or disagree if the rating falls in the range of “1.00 – 2.49”; “medium or neutral” if the rating falls in the range of “2.50 – 3.49”; and “high” or “agree” if the rating falls in the range of “3.50 – 5.00”.

The first performance appraisal objective (item A) rated by respondents was the extent of the use of performance appraisal objectives 'for salary increment.' To this end, 37.4% of the respondents rated at high whereas 27.2% of them rated low. The rest 35.4% of the respondents rated at medium. On the other hand, this survey response rate also has a mean of 3.16. This implies that the use of performance appraisal result for salary increment purpose is on the average at a medium level which still needs to be at high level to enhance employees' performance very significantly.

The second performance appraisal objective (item B) rated by respondents was the extent of the use of performance appraisal objectives 'for promotion'. In this case, the rating indicates that 53.6% of the respondents rated at high whereas 13.3% of them rated low. The rest 33.3% of the respondents rated at medium. In this regard, this survey response rate as well has a mean of 3.62. This indicates that on the average the performance appraisal result is highly used for promotion purpose. This could be taken as a good step to enhance employees' performance using this appraisal objective.

The third performance appraisal objective (item C) rated by respondents was the extent of the use of performance appraisal objectives 'for training and development'. In this instance, the rating indicates that 9.2% of the respondents rated at high whereas 72.2% of them rated low which is also the highest response rate of this question. The rest 18.6% of the respondents rated at medium. On the other hand, this survey response rate has a mean of 1.98. This shows that on the average the performance appraisal result is least used for training and development purpose. This low level usage should be changed to high level so as to achieve organizational goals by improving employees' performance.

The fourth performance appraisal objective (item D) rated by respondents was the extent of the use of performance appraisal objectives 'for giving feedback'. In this case, the rating indicates that 13.2% of the respondents rated at high whereas 67.4% of them rated low. The rest 19.4% of the respondents rated at medium. The obtained mean value for this item was 2.14. This indicates that performance appraisal result is least used for giving feedback purpose. This low level usage should be changed to high level so as to achieve organizational goals by providing appropriate feedback to employees to improve their performance level.

The last fifth performance appraisal objective (item E) rated by the respondents was the extent of the use of performance appraisal objectives ‘for performance improvement’. To this end, the rating indicates that 16.5% of the respondents rated at high whereas 67% of them rated low. The rest 16.5% of the respondents rated at medium. On the other hand, this survey response rate has a mean of 2.16. This implies that like the performance objectives three and four stated above, this performance appraisal result is also least used for performance improvement purpose.

In addition, in the final analysis, the survey response rate has an aggregate mean, standard deviation and variance of 2.61, 1.15 and 1.32, respectively. This further shows that the performance appraisal objectives are met in aggregate at a medium level in the Corporation. Furthermore, the response obtained from the interview regarding the question to describe the main objectives of performance appraisal in the Corporation further substantiates the questionnaire response rating result. According to the interview response, performance appraisal result is used mainly for promotion and remuneration purpose whereas other appraisal objectives such as the use for training and performance improvement are not considered as primary objectives.

Regarding the purpose of performance appraisal results discussed above, Kihan (2013) underlines that a performance appraisal system should fulfill at least the following objectives to be considered as effective: 1) salary increment, 2) promotion, 3) training and development, 4) feedback, and 5) performance improvement. However, the empirical finding in this regard indicates that only the “promotion” objective is met at high level while “salary increment” is met at a medium level. The rest three appraisal objectives are met at low level which could affect the Corporation’s performance effectiveness adversely.

4.2.2 Employees’ perception/attitude towards performance appraisal system

The Corporation employees’ perception towards performance appraisal is the main issue that is analyzed and discussed in this section based on the respondents’ responses. Here, the respondents were asked to reflect on their level of agreement or disagreement for the questions raised in relation to their perception for performance appraisal system in the Corporation. The analysis is demonstrated in Table 3 below.

Table 3: Employees' perception/attitude towards performance appraisal system

No	Questions regarding employees' perception on performance appraisal system		Level of Agreement					Total	Statistical Comparison		
			SA	AG	NAD	DA	SD		Mean	Std. Dev.	Variance
1	Performance appraisals are objective	Count	5	27	39	12	11	94	2.91	1.19	1.42
		%	5.3	28.7	41.5	12.8	11.7	100			
2	Assessments of my performance are consistent, fair and unbiased	Count	2	22	29	37	7	97	2.69	1.03	1.06
		%	2.1	22.7	29.9	38.1	7.2	100			
3	Existing performance appraisal system is participatory & satisfactory	Count	3	13	22	15	46	99	2.12	1.22	1.49
		%	3.0	13.1	22.2	15.2	46.5	100			
4	I have ways to appeal to a performance rating that I feel is biased or inconsistent	Count	2	41	28	16	11	98	3.05	1.10	1.21
		%	2.1	41.8	28.6	16.3	11.2	100			
5	I can challenge a performance rating if I feel it is biased or inaccurate	Count	5	25	32	23	11	96	2.96	1.12	1.25
		%	5.2	26	33.3	24	11.5	100			
6	Appraisers' judgments on performance are usually non-impressionistic, & non-arbitrary.	Count	3	12	30	30	22	97	2.38	1.12	1.25
		%	3.1	12.4	30.9	30.9	22.7	100			
7	Appraisers generally have a sense adequacy about appraising subordinates	Count	4	41	40	8	3	96	3.22	1.05	1.10
		%	4.2	42.7	41.7	8.3	3.1	100			
8	I accept my performance appraisal results without defensiveness & resistance	Count	3	55	22	9	9	98	3.31	1.07	1.14
		%	3.1	56.1	22.4	9.2	9.2	100			
9	The ASC's performance appraisal system provides a link between employee performance and organizational goals through individualized objectives & performance criteria	Count	2	19	44	20	14	99	2.76	1.00	1.00
		%	2.0	19.2	44.5	20.2	14.1	100			
10	The existing performance appraisal system contributes to my personal improvement	Count	9	46	17	12	13	97	3.23	1.24	1.54
		%	9.3	47.4	17.5	12.4	13.4	100			
11	The existing performance appraisal system contributes to the ASC improvement	Count	7	13	31	30	18	99	2.60	1.15	1.32
		%	7.1	13.1	31.3	30.3	18.2	100			

(Level of agreement: SA= Strongly agree; AG= Agree; NAD= Neither agree nor disagree; DA= Disagree; and SD= Strongly disagree).

The employees' reactions to appraisals can be an important condition to improve the employees' performance. In this respect, Seniwoliba (2014) argues that employee emotions and perceptions are important in determining the efficacy of performance appraisal systems. In addition, employee perceptions of the fairness of their performance appraisals are also useful in determining the success of performance appraisal systems.

In Table 3 above, 11 questions (items) were presented in relation to employees' perceptions for the Corporation's performance appraisal system. For this analysis purpose, either strongly agree or agree responses are considered as agreement whereas either strongly disagree or disagree is considered as disagreement

Accordingly, item number 1 addresses the respondents' perception whether the Corporation's performance appraisals are objective. For this question, the respondents' level of agreement indicates that 34% of the respondents agreed whereas 24.5% disagreed. The rest 41.5% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 2.91. This shows that on the average most of the respondents are medium or neutral who have no clear perception whether the existing performance appraisal system is objective or not.

Item number 2 deals with respondents' perception whether assessment of performances is consistent, fair and unbiased. For this question, the respondents' level of agreement indicates that 24.8% of the respondents agreed whereas 45.3% disagreed. The rest 29.9% of the response is neither agreement nor disagreement. On the other hand, this survey response rate also has a mean of 2.69. This indicates that on the average most of the respondents' response rate is medium or neutral which does not clearly show whether the existing appraisal system is fair, consistent and unbiased.

Regarding item 1 and 2 above, the literature argues that the main objective of performance appraisal system is evaluating personnel fairly. But, since people operate these systems, total objectiveness cannot be guaranteed (Reitz, 1977). In this case, the empirical finding implies that the Corporation's appraisal system evaluating personnel on the average at a medium level. This

further indicates that the objectiveness and fairness of the Corporation's appraisal system is neither at high nor at low level.

Item number 3 addresses the respondents' perception whether the existing performance appraisal system is participatory and satisfactory. For this question, the respondents' level of agreement indicates that 16.1% of the respondents agreed whereas 61.7% disagreed. The rest 22.2% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 2.12. This shows that the existing appraisal system is least participatory and satisfactory which need high level of improvement. In addition, the response obtained from the interview regarding the question to identify the steps taken to promote transparency in the Corporation's performance appraisal system indicates further that the existing appraisal system does not promote transparency. In this regard, Levinston (1979) noted that appraisals should be viewed as a participative process which involves raters and ratees.

Item number 4 refers the respondents' perception whether there exist ways to appeal to a performance rating that they feel is biased or inconsistent. For this question, the respondents' level of agreement indicates that 43.9% of the respondents agreed whereas 27.5% disagreed. The rest 28.6% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 3.05. This shows that on the average a significant number of the respondents' response is neutral which does not clearly show whether there is a way to appeal to a performance rating when they feel it is biased. This lack of clarity could harm the performance of the Corporation.

Item number 5 deals with the respondents' perception whether they can challenge a performance rating if they feel it is biased or inaccurate. For this question, the respondents' level of agreement indicates that 31.2% of the respondents agreed whereas 35.5% disagreed. The rest 33.3% of the response is neither agreement nor disagreement. On the other hand, this survey response has a mean of 2.96. This indicates that on the average a significant number of the respondents' response is medium or neutral which does not clearly show whether or not they can challenge performance rating result when they feel it is biased or inaccurate. This neutral attitude could affect performance adversely unless it is changed to a positive attitude.

Item number 6 denotes the respondents' perception whether the appraisers' judgments on performance are usually non-impressionistic, non-arbitrary and comparable. For this question, the respondents' level of agreement indicates that 15.5% of them agreed whereas 53.6% disagreed. The rest 30.9% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 2.38. This indicates that on the average most of the respondents' response is low which show that the appraisers' judgments on performance are usually impressionistic, arbitrary and incomparable. This further implies that it needs to be highly improved by the Corporation. Furthermore, it is also substantiated by the study of Levinston (1976). He emphasizes that the most drawbacks of appraisal systems are that judgments on performance are usually subjective, impressionistic, arbitrary and incomparable which should otherwise be.

Item number 7 indicates the respondents' perception whether appraisers have a sense adequacy about appraising subordinates. For this question, the respondents' level of agreement indicates that 46.9% of them agreed whereas 11.4% disagreed. The rest 41.7% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 3.22. This indicates that on the average most of the respondents' response is neutral which does not clearly show whether or not the appraisers generally have a sense of adequacy about appraising subordinates.

Item number 8 refers the respondents' perception whether they accept their performance appraisal results without defensiveness and resistance. For this question, the respondents' level of agreement indicates that 59.2% of them agreed whereas 18.4% disagreed. The rest 22.4% of the response is neither agreement nor disagreement. On the other hand, this survey response also has a mean of 3.31. This indicates that on the average most of the respondents' response is medium or neutral which does not clearly show whether or not they accept their appraisal results without resistance.

Item number 9 addresses the respondents' perception whether the Corporation's performance appraisal system provides a link between employee performance and organizational goals through individualized objectives and performance criteria. For this question, the respondents' level of

agreement indicates that 21.2% of them agreed whereas 34.3% disagreed. The rest 44.5% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 2.76. This indicates that on the average a significant number of the respondents' response is medium or neutral which does not clearly show whether the Corporation's performance appraisal system provides a link between employee performance and organizational goals through individualized objectives and performance criteria. Unless high level of clarity and agreement is made in this issue, the Corporation's performance could be affected adversely. In this regard, Boice and Kleiner (1997) underline that the appraisal system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria.

Item number 10 deals with the respondents' perception whether the existing performance appraisal system contributes to their personal improvement. For this question, the respondents' level of agreement indicates that 56.7% of them agreed whereas 25.8% disagreed. The rest 17.5% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 3.23. This indicates that on the average a significant number of the respondents' response is medium or neutral which does not clearly show whether the existing appraisal system contributes to their personal development. In this case, unless high level of clarity and agreement is made in this issue, the Corporation's performance could be affected adversely as employees could not be motivated to enhance their performance. This response is further substantiated by the study of Mensah and Seidu (2012) which suggest that employees are likely to embrace and contribute meaningfully to the performance appraisal scheme if they recognize it as an opportunity for personal development.

Finally, item number 11 refers the respondents' perception whether the existing performance appraisal system contributes to the Corporation's improvement. For this question, the respondents' level of agreement indicates that 20.2% of them agreed whereas 48.5% disagreed. The rest 31.3% of the response is neither agreement nor disagreement. On the other hand, this survey response rate has a mean of 2.60. This therefore indicates that on the average most of the respondents' response is medium or neutral which does not clearly show whether the existing appraisal system contributes to the Corporation's improvement. In addition, the response obtained from the

interview regarding this question also substantiates the above survey response by stating that the appraisal system does not contribute to the Corporation's performance improvement. However, in principle the appraisal system should be tailored to the Corporation's goals and objectives which otherwise could affect performance adversely. In this regard, Levinston (1979) underlines that the appraisal process must be viewed as a procedure that can benefit all parties in the organization to achieve the organization's goals.

Furthermore, in the final analysis, the survey response rate for the respondents' perception regarding the Corporation's appraisal system has an aggregate mean, standard deviation and variance of 2.84, 1.12 and 1.25, respectively. According to the respondents' perception response, it further shows that the performance appraisal system effectiveness is in aggregate at a medium level in the Corporation.

4.2.3 Performance appraisal methods/techniques of the Corporation

This section analyzes and discusses the types of performance methods which are currently applied and the recommended type of appraisal methods to be applied for future appraisal. The response data was analyzed in Table 4 and 5 below.

In this case, Singh (2015) noted that there are various techniques/methods used for conducting performance appraisals, each having its own advantages and disadvantages. Depending upon the needs of an employee or an organization, a performance appraisal method needs to be selected.

Table 4: Methods/techniques of performance appraisal currently applied by the Corporation

S. N	Alternative performance appraisal techniques which could be applied currently		Extent of Applying Appraisal Techniques						Total	Statistical Comparison		
			VH	H	M	L	VL	NA*		Mean	Std. Dev	Variance
A	The use of rating method such as unsatisfactory, fair, satisfactory, good and outstanding in which the total numerical scores are computed to derive final conclusions.	Count	30	36	15	4	3	7	95	3.68	1.42	2.02
		%	31.5	37.9	15.8	4.2	3.2	7.4	100			
B	Making descriptive statements about effective and ineffective behaviors on jobs and assessing the individual employees' in that regard on the basis of a "Yes/No" type of question.	Count	2	10	16	14	19	34	95	1.53	1.47	2.16
		%	2.1	10.5	16.9	14.7	20.0	35.8	100			
C	The use of a non-quantitative technique (often mixed with the graphic rating scale) in which raters are required to figure out the strong and weak points of employee's behaviors.	Count	2	6	12	14	38	25	97	1.41	1.29	1.66
		%	2.1	6.2	12.4	14.4	37.2	25.7	100			
D	Setting a list of objectives and making assessments on their performance on a regular basis so as to make rewards based on the results achieved.	Count	5	12	14	18	37	10	96	1.96	1.40	1.96
		%	5.2	12.5	14.6	18.8	38.5	10.4	100			
E	The use of performance data on an employee which are derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self.	Count	3	7	16	18	33	18	95	1.68	1.30	1.69
		%	3.2	7.4	16.9	18.9	34.7	18.9	100			

NA*= Not Applicable

(Rating scale: VH=Very high; H=High; M=Medium; L=Low; VL=Very low)

Table 4 above analyzes the respondents' responses in relation to the extent of the currently applied performance appraisal techniques by rating the five available alternatives.

Accordingly, regarding alternative technique "A" which is the "rating method", 69.4% of the respondents rated at high while 7.4% rated low. Furthermore, 15.8% of the respondents rated at medium whereas the rest 7.4% rated not applicable (NA). On the other hand, this survey response has a mean of 3.68. This high response rate regarding the use of the "rating method" is further substantiated by the response obtained from the interview question regarding the type of appraisal technique currently applied in the Corporation. The interview response thus shows further that the "rating method" is currently applied in the Corporation to a large extent. This indicates that a "rating method" is primarily used currently in the Corporation as an appraisal technique.

Regarding alternative technique "B" which is a "descriptive statement method", 12.6% of the respondents rated at high while 16.9% rated at medium. On the other hand, 34.7 of the respondents rated at low whereas the rest 35.8% rated "NB". On the other hand, this survey response rate has a mean 1.53. This shows that a "descriptive statement method" is the least applied appraisal technique in the Corporation.

With respect to alternative technique "C" which is the "use of a non-quantitative technique", 8.3% of the respondents rated at high while 12.4% rated at medium. In addition, 51.6% of the respondents rated at low whereas the rest 25.7% rated "NB". On the other hand, this survey response rate has a mean of 1.41. This indicates that the "use of non-quantitative technique" is the least applied appraisal technique in the Corporation.

With respect to alternative technique "D" which is an appraisal technique by "setting a list of objectives", 17.7% of the respondents rated at high while 14.6% rated at medium. On the other hand, 57.3% of the respondents rated at low whereas the rest 10.4% rated "NB". On the other hand, this survey response rate has a mean of 1.96. This shows that the appraisal technique by "setting a list of objectives" is the least applied techniques in the Corporation.

Finally, regarding alternative technique "E" which is an appraisal technique by "the use of performance data from a number of stakeholders", 10.6% of the respondents rated at high while

16.9% rated at medium. Furthermore, 53.6% of the respondents rated at low whereas the rest 18.9% rated “NB”. On the other hand, this survey response rate has a mean of 1.68. This indicates that “the use of performance data from a number of stakeholders” is also the least applied appraisal technique in the Corporation.

Furthermore, in the final analysis, the survey response rate regarding the extent of application of the Corporation’s appraisal technique has an aggregate mean, standard deviation and variance of 2.05, 1.38 and 1.90, respectively. This further indicates that the currently applied performance appraisal technique is in aggregate at a low level in the Corporation.

Table 5 below analyzes the respondents’ responses in relation to their recommendations regarding their preference as to which performance appraisal technique is better to be applied by the Corporation among the five available alternative appraisal techniques.

Table 5: Methods/techniques of performance appraisal recommended by respondents

S.N	Alternative performance appraisal techniques of which any one is likely to be recommended by respondents to be applied in the future by the Corporation	Count	%
A	The use of rating method such as unsatisfactory, fair, satisfactory, good and outstanding in which the total numerical scores are computed to derive final conclusions.	27	27.3
B	Making descriptive statements about effective and ineffective behaviors on jobs and assessing the individual employees’ in that regard on the basis of a “Yes/No” type of question.	4	4.0
C	The use of a non-quantitative technique (often mixed with the graphic rating scale) in which raters are required to figure out the strong and weak points of employee’s behaviors.	4	4.0
D	Setting a list of objectives and making assessments on their performance on a regular basis so as to make rewards based on the results achieved.	40	40.4
E	The use of performance data on an employee which are derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self.	19	19.2
F	Both D and E of the above mentioned performance appraisal techniques	5	5.1
Total		99	100

According to Table 5 above, 40.4% of the respondents recommended alternative “D” which is an appraisal technique by “setting a list of objectives” to be applied by the Corporation followed by

the currently applied performance appraisal technique “A” which was rated as 27.3%. On the other hand, the least recommended appraisal techniques are both of alternatives “B” and “C” which were rated equally at 4%. This indicates that the currently applied appraisal technique in the Corporation need to be changed to alternative appraisal technique “D” which is a type of appraisal technique by “setting a list of objectives appraisal method” which is alternatively known as a management by objective (MBO) method.

Furthermore, the response obtained from an interview question regarding the relevance of the currently used appraisal system, the interviewees commented that the currently applied appraisal system of the Corporation which is the “rating method” is less relevant and weak. It lacks effectiveness due to biasness of appraisers and limited use of appraisal results. In addition, the interviewees recommended that the currently applied appraisal system in the Corporation should be either amended or changed to promote transparency, to be used for performance improvement, motivation and training purpose.

In addition, regarding the choice and application of appraisal techniques, Singh (2015) noted that there are various techniques/methods used for conducting performance appraisals, each having its own advantages and disadvantages. Depending upon the needs of an employee or an organization, a performance appraisal method needs to be selected.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary, conclusions and recommendations of the study. The chapter is presented as follows: first, a summary of the major findings is presented; then, the conclusions of the study which are drawn from the summary are presented. This is followed by the recommendation which the student researcher assumes to be operational.

5.1 Summary of the major findings

The major objective of the study was to assess the effectiveness of the employees' performance appraisal system of the ASC. To achieve this objective, relevant data were collected using survey questionnaire and a semi-structured interview method and finally analyzed. Accordingly, summary of the major findings obtained from the analysis is summarized hereunder in response to each research question.

a) Appraisers and appraisees level of awareness about the performance appraisal objectives at ASC

About 50% or half of the respondents' response indicates that they have a high level of awareness; and also the majority of the respondents' level of knowledge regarding these performance objectives against which they are evaluated is at a medium level which accounts about 44.3% of the respondents. Furthermore, the Corporation's performance appraisal results are used primarily for promotion purpose with a mean of 3.62 followed by for salary increment with a mean of 3.16 which represent high and medium rating levels, respectively. The rest three appraisal objectives are the least used with mean scores ranging from 1.98 to 2.16 which all of them are rated at low level. This survey response rate has an aggregate mean of 2.61. This overall score implies that the use of appraisal results is at the medium level which corresponds to the response rate of the knowledge level stated above. In addition, the response obtained from the interview regarding the use of the appraisal results further substantiated the above responses by stating that appraisal objectives are currently used mainly for promotion and remuneration purposes whereas the other appraisal objectives are not considered as primary.

b) Employees' perception about the performance appraisal system at ASC

The respondents' perception response is rated as neutral which does not indicate the respondents' clear perception regarding: the appraisal system's objectiveness; biasness or inconsistency; appraisers' adequacy; if there is a link between employees' performance and organizational goals through individualized objectives and performance criteria; and whether the existing appraisal system contributes both for personal and organizational improvement. The survey responses for these perceptions have mean scores range from 2.60 to 3.31 which still indicate neutral response rates as stated above. Furthermore, the respondents' perception response is rated as low regarding whether the appraisal system is: participatory and satisfactory, and the appraisers' judgments on performance appraisal are impressionistic, arbitrary and incompatible. The survey responses for these two perceptions are 2.12 and 2.38, respectively, which indicate low level of perception as stated above. To this end, the survey response rate for the respondents' overall perception regarding the Corporation's appraisal system has an aggregate mean of 2.84 which still indicate a neutral response rate level. In addition, the response obtained from the interview further substantiated the above responses by stating that the existing appraisal system does not promote transparency.

c) Performance appraisal methods/techniques currently applied at ASC

According to the respondents' response rate, out of the five available appraisal techniques, the currently applied appraisal technique in the Corporation is a "rating method" which has a high mean of 3.68. The rest four alternative appraisal techniques are the least applied whose mean scores range from 1.41 to 1.96 which indicate that all of them are rated as low by respondents. In addition, the respondents' response in aggregate is rated at low whose aggregate mean is 2.05 which indicates that the alternative appraisal techniques are currently least applied in the Corporation. Furthermore, a significant number of respondents which accounts about 40.4% recommended an alternative appraisal technique named "setting a list of objective appraisal method" than the currently applied appraisal technique which is called "rating method". In addition, the response obtained from the interview further confirmed the above responses by commenting that the currently applied appraisal method is least relevant which either should be improved or changed to "setting a list of objectives appraisal method", which is alternatively

known as a management by objective (MBO) method. This method is regarded by interviewees as an objective and transparent appraisal technique which could contribute to the achievement of both the personal and organizational objectives.

5.2 Conclusions

On the basis of the data analysis and the summary, the following conclusions have been drawn in relation to the research questions.

a) Appraisers and appraisees level of awareness about the performance appraisal objectives at ASC

In principle, both appraisers and appraisees are presumed to have a high level of awareness on their appraisal objectives against which they are evaluated. However, even though it can be taken as a good practice knowing that about half of the respondents are aware of the existence of appraisal objectives at a high level, their level of knowledge about their appraisal objectives is still at a medium level. The existence of such a medium level of knowledge on appraisal objectives could entail lack of clarity on their duties which further affect the Corporation's performance objective adversely. Furthermore, out of the five available appraisal objectives, only the one which is for "promotion" purpose was met at a high level followed by for "salary increment" purpose at a medium level whereas the rest three, which include are for training and development, for giving feedback and for performance improvement, are least used. Failure to meet appraisal objectives in their entirety could significantly affect the achievement of the Corporation's performance objectives adversely.

b) Employees' perception about the performance appraisal system at ASC

The employees' perception about the appraisal system is believed to be at a high level as it is important to determine the effectiveness of the organization performance. However, this study shows that out of the eleven perception questions, nine response rates were neutral which does not show the respondents clear perception while the rest two were perceived as low. This further shows that all of the respondents' perception for the appraisal system is either neutral or low level. Lack of such clear perception on appraisal systems by appraisers and appraisees could lead to lack of motivation and unsatisfactory level of performance.

c) Performance appraisal methods/techniques currently applied at ASC

It is assumed that depending upon the needs of an employee or an organization, a performance appraisal method needs to be selected and implemented out of the available methods. In this case, the study shows that out of the five alternative appraisal techniques, the Corporation currently applies the “rating method” at a high level whereas the rest four are least applied. In addition, the respondents’ response further indicates that the currently applied appraisal method should be either improved to be objective or changed to “setting a list of objectives appraisal method”. Where an existing appraisal method is least accepted by employees, this will significantly affect the Corporation’s performance and employees’ motivation adversely.

5.3 Recommendations

On the basis of the data analysis and the conclusion, the following recommendations are suggested in response to the research findings.

a) Appraisers and appraisees level of awareness about the performance appraisal objectives at ASC

The study has identified the two main gaps which are appraisers and appraisees medium level of knowledge and the least use of appraisal objectives which include: for training and development, for giving feedback and for performance improvement purposes. In order to fill these gaps, the Corporation should develop a guideline with regard to the use and application of appraisal objectives which can be used by both appraisers’ and appraisees. This guideline could be used to create and apply a high level of awareness on appraisal objectives and hence to meet the entire appraisal objectives including for training and development, for giving feedback and for performance improvement in addition to for promotion and for salary increment objectives. This can be further entrenched by providing a detailed training on the Corporation’s performance appraisal objectives to both appraisers and appraisees of the Corporation. This is because of the fact that training can be beneficial to the Corporation through better understanding of the appraisal system; strengthening the positive perception of the system; create a sense of awareness and also by encouraging the Corporation to be a learning organization.

b) Employees' perception about the performance appraisal system at ASC

The study has identified the gap that employees' perception on the Corporation's appraisal system is at medium level. In order to fill this gap, the Corporation should make its appraisal system: objective, fair, participatory, non-arbitrary, linked with employee performance and organizational goals, and also contribute to both the employees and the organization improvement. Both appraisers and appraisees should mutually agree on their needs and expectations, and everyone should be satisfied with the appraisal system to enhance their perception positively. In addition, appraisers' should also have a sense of adequacy about appraising subordinates. This can be done by revising the currently applied appraisal system, discussing with employees about its appropriateness, tailoring the system with the employees and organizational objectives. Furthermore, the Corporation should also provide detailed training regarding its appraisal system to both appraisees and appraisers for properly implementation.

c) Performance appraisal methods/techniques currently applied at ASC

The study reveals that the existing appraisal method of the Corporation is least accepted by employees as it is less objective. In order to fill this gap, the Corporation should change its currently applied "rating method" to the management by objective (MBO) method as this method was also suggested by the survey respondents and the interview responses. MBO is a process that converts organizational objectives into individual objectives which consists of four steps: goal setting, action planning, self-control and periodic review. Furthermore, MBO appraisal method is more objective and transparent which could contribute more to the achievement of both the employees' and the organization's objectives. Thus, to meet the vision, mission, objective, goals and targets of the Corporation, it should set clear and precise methods of performance appraisal system objectivity. This recommendation can be implemented first by setting a list of appropriate appraisal objectives and then making detailed discussions and agreements with the Corporation employees' regarding the newly recommended appraisal technique to be applied. In addition, in order to implement the suggested appraisal system properly, detailed level of training should also be provided to both appraisers and appraisees.

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APPENDIX I

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES GENERAL MBA PROGRAM

Questionnaire to be filled by staff members of Audit Services Corporation

Dear Respondent,

First of all, I would like to express my sincere appreciation for your precious time, genuine and quick responses in advance. The purpose of this questionnaire is to gather information about the current practices of performance appraisal system in the Audit Services Corporation (ASC) titled **“An assessment of employees’ perception of performance appraisal system at ASC”**. The collected data will be used as a primary data in the study which I am conducting as a partial fulfillment of the requirements for a Masters Degree in Business Administration (MBA) at St. Mary’s University.

The information you will provide will be used for academic purposes only and treated as private and confidential. Please attempt all the questions and provide your genuine, honest and timely responses which are quite vital to complete this study in the required quality.

General Instruction:

- There is no need of writing your name.
- In all cases where answer options are available, please tick (√) in the appropriate box.
- For questions that demand your opinion, please briefly explain as per the questions on the space provided.

Thank you in advance for your kind cooperation and timely response!

Best Regards,

PART I: DEMOGRAPHIC INFORMATION

- 1. Gender: Male Female
- 2. Your age category in years: Under 25 26- 35 36-45 Above 45
- 3. For how many years have been serving in ASC?
0-5 6-10 11-15 16-20 21 years and above
- 4. For how long have you been working in your current job position (in years)?
0-2 3-5 6-10 11 years and above
- 5. Your education qualification:
High school graduate Technical school graduate College diploma
BA/BSc degree Masters Degree Other (specify) -----

PART TWO: QUESTIONS REGARDING PERFORMANCE APPRAISAL SYSTEM

- D) Questions related to the extent of employees’ awareness of the performance appraisal objectives/purposes of the ASC**
 - A) How do you rate your level of awareness of the existence of performance appraisal objectives?
 - A) Very High
 - B) High D) Low
 - C) Medium E) Very low
 - B) What is the extent of your level of knowledge regarding the performance appraisal objectives against which you are evaluated?
 - A) Very High D) Low
 - B) High E) Very low
 - C) Medium
 - C) Please, rate the extent to which the following performance appraisal objectives/purposes are met by ASC as performance appraisal outcomes. Make your rating as follows: **5=Very high; 4= High; 3= Medium; 2= Low; and 1= Very low.**

	Performance appraisal objectives	5	4	3	2	1
A	For salary increment					
B	For promotion					
C	For training and development					
D	For giving feedback					
E	For performance improvement					

II) Questions related to employees' perception/attitude towards performance appraisal system

Please, indicate your level of agreement with the following statements so that your answers to these questions will enable the researcher to assess your attitude towards the performance appraisal purpose, practice and challenges in the ASC. Reflect your level of agreement as follows: **5=Strongly agree; 4= Agree; 3= Neither agree nor disagree; 2= Disagree; and 1= Strongly disagree**

S/N	Questions	5	4	3	2	1
1	Performance appraisals are objective					
2	Assessments of my performances are consistent, fair and unbiased					
3	Existing performance appraisal system is participatory and satisfactory					
4	I have ways to appeal to a performance rating that I feel is biased or incorrect					
5	I can challenge a performance rating if I feel it is biased or inaccurate					
6	Appraisers' judgments on performance are usually non-impressionistic, non-arbitrary and comparable					
7	Appraisers generally have a sense of adequacy about appraising subordinates					
8	I accept my performance appraisal results without defensiveness and resistance					
9	The ASC's performance appraisal system provides a link between employee performance and organizational goals through individualized objectives and performance criteria					
10	The existing performance appraisal system contributes to my personal improvement					
11	The existing performance appraisal system contributes to the ASC performance improvement					

III) Questions related to methods/techniques of performance appraisal

1. Please, kindly read the following statements about possible methods/ techniques of performance appraisal; and rate the extent to which each technique is being utilized by ASC. Make your rating as follows: **5= Very high; 4= High; 3= Medium; 2= Low; and 1= Very low.**

	Performance appraisal techniques	5	4	3	2	1	NA *
A	The use of rating method such as unsatisfactory, fair, satisfactory, good and outstanding in which the total numerical scores are computed to derive final conclusions.						
B	Making descriptive statements about effective and ineffective behaviors on jobs and assessing the individual employees' in that regard on the basis of a "Yes/No" type of question.						
C	The use of a non-quantitative technique (often mixed with the graphic rating scale) in which raters are required to figure out the strong and weak points of employee's behaviors.						
D	Setting a list of objectives and making assessments on their performance on a regular basis so as to make rewards based on the results achieved.						
E	The use of performance data on an employee which are derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self.						

NA* = Not applicable

IV) Open-ended questions relating to methods/techniques of performance appraisal

1. Among the alternative performance appraisal methods/techniques listed above, which of them do you recommend more to be applied in the ASC. Please, kindly explain why?

.....

2. What is your overall comment on the performance appraisal method currently applied in the ASC?

.....

APPENDIX II

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
GENERAL MBA PROGRAM

Interview questions for Audit Services Corporation management members

Dear Respondent,

This interview question is aimed to collect information about performance appraisal system of Audit Services Corporation (ASC) titled **“An assessment of employees’ perception of performance appraisal system at ASC”**. The information shall be used as a primary data to the research I am conducting at St. Mary’s University for completing my Masters Degree in Business Administration (MBA).

I want to assure you that this research is only for academic purpose authorized by the St. Mary’s University. No other person will have access to the data collected in any sort of report I might publish. I will not include any information that will make it possible to identify any respondent.

Thank you in advance for your cooperation.

1. What are the main objectives/purposes of performance appraisal in ASC?
2. What steps are taken to promote transparency in ASC’s performance appraisal system?
3. What steps are taken here to ensure that performance appraisal system of ASC contributes to employees’ motivation and performance improvement?
4. How do you evaluate the effectiveness/ineffectiveness of the ASC’s current appraisal system?
5. What appraisal method/technique is currently used in ASC?
6. How do you see/evaluate the relevance of the currently applied performance appraisal method/techniques in the ASC?