



**ST. MARY'S UNIVERSITY**  
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**ASSESSMENT OF EMPLOYEES ATTITUDE TOWARDS  
PERFORMANCE APPRAISAL PRACTICES  
THE CASE OF ZTE (H.K) LIMITED ETHIOPIAN BRANCH**

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**Assessment of Employees Attitude Towards Performance Appraisal Practice  
In the Case of ZTE (H.K) Limited Ethiopian Branch**

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## **Declaration**

I declare that this research report on “*Assessment of employees attitude towards performance appraisal practice in the case of ZTE (H.K) LTD Ethiopian Branch*” is my own original work with assistances and guidance from my Advisor and not submitted before for any institution and any purpose. It is submitted for the degree of Master of Arts in Human Resource Management to St. Mary’s post graduate program.

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# TABLE OF CONTENTS

ACKNOWLEDGMENT.....	III
LIST OF TABLES .....	VI
LIST OF FIGURES .....	VII
LIST OF ACRONYMS/ABBREVIATIONS .....	VIII
ABSTRACT.....	IX
CHAPTER 1. INTRODUCTION .....	1
1.1 Background of the study .....	1
1.2 Definition of Terms.....	3
1.3 Statement of the Problem.....	3
1.4 Research Questions .....	4
1.5 Objectives of the study.....	5
1.5.1 General objective .....	5
1.5.2 Specific Objectives .....	5
1.6 Significance of the Study .....	5
1.7 Scope of the Study .....	6
1.8 Limitation of the Study .....	6
1.9 Organization of the Study .....	6
CHAPTER 2. REVIEW OF RELATED LITERATURE .....	7
2.1 Theoretical literature .....	7
2.1.1 Definition of Performance Appraisal .....	7
2.1.2 Purpose of Performance Appraisal.....	8
2.1.3 Benefits of Performance Appraisal .....	10
2.1.4 Performance Appraisal Process .....	12
2.1.5 When to Conduct Performance Appraisal?.....	17
2.1.6 Elements of a Performance Appraisal System .....	18
2.1.7 Types of Performance Appraisal.....	20
2.1.8 Who should assess performance? .....	24
2.1.9 Characteristics of an effective performance appraisal system .....	28
2.1.10 Employees ‘Attitude and Reaction toward the Components of Performance Appraisal .....	30
2.1.11 Challenges involved in Performance Appraisal.....	31
2.2 Empirical Review [ .....	33
2.3 Conceptual Framework .....	35
CHAPTER 3. RESEARCH DESIGN AND METHODOLOGY .....	37
3.1 Research Design.....	37
3.2 Population, Sample Size and Sampling Techniques.....	37
3.2.1 Research Population.....	37
3.2.2 Sample Size.....	38
3.2.3 Sampling Techniques.....	38
3.3 Source of Data.....	38
3.4 Data Gathering Instruments .....	38
3.5 Procedures of Data Collection .....	39
3.6 Validity and Reliability Issues .....	39
3.7 Method of Data Analysis .....	40

3.8	Ethical Consideration.....	40
CHAPTER 4. DATA ANALYSIS AND INTERPRETATION .....		41
4.1	Demographic Characteristics of Respondents .....	41
4.2	Data analysis and Pertaining study .....	43
4.2.1	Attitude of Employees towards the Major Components of Performance Appraisal .....	43
4.2.2	Attitude of Employees towards the Performance Rating Process.....	44
4.2.3	Participation level of employees in the performance appraisal process.....	48
4.2.4	Attitude of Employees towards the Feedback aspect of Performance Appraisal.....	55
4.2.5	Attitude of Employees towards the Appeal Process .....	60
CHAPTER 5. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....		63
5.1	Summary of Findings.....	63
5.2	Conclusions.....	64
5.3	Recommendations.....	65
REFERENCES .....		68
ANNEXES .....		71
1.	QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF ZTE (H.K) LIMITED ETHIOPIAN BRANCH.....	71
2.	INTERVIEW QUESTIONS.....	77

## LIST OF TABLES

Table 1. Sex and Age of respondents.....	42
Table 2. Existence of formal performance appraisal system in the organization .....	43
Table 3. Attitude of standard setting process.....	45
Table 4. Descriptive statistics of items that measure attitude of standard setting process .....	46
Table 5. Attitude of the appraisal instrument and its content .....	47
Table 6. Descriptive statistics of items that measure attitude of the appraisal instrument and its content.....	48
Table 7. Correlation between Variables Performance expectations related to job versus core activity.....	48
Table 8. Summary of items that measure attitude of respondents in employee’s participation on performance appraisal process.....	50
Table 9. Attitude of raters .....	52
Table 10. Descriptive Statistics of items that measure attitude of raters .....	52
Table 11. Attitude of accuracy of rating .....	53
Table 12. Descriptive Statistics of items that measure attitude of accuracy of rating .....	53
Table 13. Attitude towards overall rating process .....	54
Table 14. Descriptive statistics of attitude of overall rating process .....	54
Table 15. Attitude of Employees towards feedback.....	56
Table 16. Descriptive statistics of items that measure attitude of feedback.....	56
Table 17. Correlation between performance expectation related to job versus rater provide feedback related to job .....	57
Table 18. Attitude of accuracy of rating of the raters .....	58
Table 19. Descriptive statistics of items that measure attitude of accuracy of rating of the raters.....	59
Table 20. Correlation between ‘rater explain rating decision ‘and ‘Rater entertains questions related to rating results’ .....	59
Table 21. Attitude towards feedback process .....	60
Table 22. Attitude of Employees towards the Appeal Process.....	61
Table 23. Descriptive statistics of items that measure attitude of appeal process .....	62
Table 24. Attitude of overall appeal process .....	62

## **LIST OF FIGURES**

Figure 1. Benefits of Performance Appraisal .....	12
Figure 2. Conceptual frameworks, Source Researcher Schematic (2017).....	36



## **LIST OF ACRONYMS/ABBREVIATIONS**

HR - Human Resource

HRM- Human resource management

GRS - Graphic Rating Scale

ZTE - Zhong Xing Telecom Equipment (Hong Kong) Limited Ethiopian Branch

PA - Performance Appraisal

PAS - Performance Appraisal System

MBO- Management by objective

## ABSTRACT

*Employee performance appraisal is one of the most commonly used management tools in organizations irrespective of their type, size and objective; and is a widely researched area in industrial/organizational psychology. However, the traditional research agenda has done little to improve the usefulness of performance appraisal as a management tool. Employee attitude towards performance appraisal has been studied as a significant factor in employee acceptance and satisfaction of performance appraisal. This study investigated the attitude and reactions of employees towards the overall performance appraisal system as well as its major component parts such as standard setting, appraisal instrument, feedback, and appeal procedure using a case study approach in ZTE (H.K) Limited Ethiopian Branch. Data were gathered using purposive sampling of 80 participants in the Company. An interview was also made with some 10 key personnel of the company particularly with employees working in Administration and Human Resource Department. Simple descriptive statistics was used to analyze the responses from the survey and Summary statistics in form of qualitative and quantitative measures, frequencies and percentage were run and interpretations were made. The findings of the study indicated that respondents perceived the performance appraisal system that cannot accurately measure their job related performance. Respondents also indicated their dissatisfaction with the standard setting, and performance rating instrument used by the company. The respondents indicated their relative satisfaction with feedback aspect of performance appraisal. Satisfaction was indicated with the appeal procedure of the performance appraisal of the Company so, the company should work hard to resolve the existing problems related to appraisal system and encouraged to make the post appraisal discussion between supervisors and subordinates be practical because achieving organization goal is parallel with keeping up the motivation; retention and productivity of employee are hard to be achieved unless employee's attitude towards performance appraisal system is positive.*

**Key Words:** Performance appraisal system, Employees attitude, Human Resource Development, SPSS: Statistical Package for the Social Science, Feedback

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

In an organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Performance appraisal is one of the cornerstones of management control systems and it is process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance (Lansbury, 1998).

Employee performance appraisal has been practiced by numerous organizations since centuries. Though performance appraisal system has been debated by many, however, overall, it is viewed that performance appraisal is an integral part of organizational life. Longenecker and Fink (1999, as cited in Rosa and Forrest, 2008) mentioned several reasons that formal performance appraisals are to stay in organizations. According to them, formal appraisals are required to justify a wide range of human resource decisions such as pay raises, promotions, demotions, terminations, etc. It is also required to determine employees training need. The authors cited a recent study on high performance organizations that the practice of performance appraisal was cited as one of the top 10 vehicles for creating competitive advantage.

As a process, it is increasingly seen as a key link between employee behavior and an organization's strategic objectives. Performance is an outcome of employee actions on the job which can be measured by comparing the duties and responsibilities assigned to him by the organization and the results of his efforts to fulfill his duties and responsibilities. It is also tied to the organizational goals as the organizational performance is based on the performance of the individuals working in it ((Rummler et al., 2012).

Latest researches on the subject, however, suggest that employee attitudes towards their jobs and organizations drive job performance and intention to quit through their impacts on work engagement. These attitudes may arise from a multitude of sources, including perceived support from the organization, line manager and colleagues (Yalabik et al., 2013).

On the one hand, it is suggested that employees' motivational and psychological states will change when attitudes towards the job and/or organization change, with implications for the job performance and turnover intentions of employees (Vakola, M., Tsaousis, I. and Nikolaou, I., 2004). Management of organizations should have the ability to change the employees' perception of performance evaluation as employees' perception of justice is important to the performance outcomes.

In order to have an optimum job performance, organizations must put in place a clear performance appraisal process. A key component of the performance appraisal process is the creation of specific performance criteria, standards or indicators. These performance standards must be developed, defined and communicated to the employees' with performance monitored against those standards throughout the year. (Bourne et al., 2000).

In today's dynamic business environment, organizations have tended to become complacent with their performance appraisal practices leading to failure. Consequently strategies need to be revamped along with the changes in macro-environmental situations. For many organizations, this has created a need to reconsider their PA processes to be harmonized with the cultural, national and organizational factors. This becomes vital because employees develop negative perceptions about the PA process (Levy, P.E. and Williams, J.R., 2004). On the one hand, the negative perceptions can be a root cause of problems for an organization; while on the other, these shortcomings can act as an impetus for an organization to develop a better future PA system to retain, motivate and satisfy their human assets. Despite all the evidence and research on the impact of PA on organizational success, employee satisfaction and motivation, literature reveals that for the most part it is done casually and fruitlessly in organizations.

If the right persons are not assigned to process PA activities, the strategic objectives of organization can seriously be affected. In providing feedback, the employees may not accept the

result of their appraisal. When such a scenario prevails an appeal procedure must be designed so that employees can vent out their discontent about their result. In line with this, employees attitude towards the overall performance appraisal system should be assessed because one of the factors that affect employees' job satisfaction and organizational commitment is their perception of the system (Porter et al., 1974).

It has also been suggested that employees attitudes about and reactions toward the performance appraisal process are among the most important criteria to consider when evaluating the usefulness of performance appraisal systems. Therefore in evaluating and improving an existing PA system, the attitude of employees towards the system is worth considering. (Levy and Williams, 1998).

## **1.2 Definition of Terms**

- i. **Employee Job Performance** - Ability of an employee to reach the measurable goals and standards, effectively and efficiently (Armstrong, 2006).
- ii. **Performance Appraisal**: the process of identifying evaluating and developing the work performance of the employee in the organization. (Lansbury, 1998).
- iii. **Performance appraisal methods**: are the techniques through which employee performance is appraised. (Ilgen, D.R. and Feldman, J.M., 1983)
- iv. **Performance appraisal Purposes**: reasons underlying any performance evaluation practice. (Harris, M.M., Smith, D.E. and Champagne, D., 1995)

## **1.3 Statement of the Problem**

Performance evaluation is the activity used to determine the extent to which an employee performs work effectively. To make sure that, a system that measures the performance of the employees accurately must be in place. The techniques applied in the system should be valid and reliable for any human resource decision to depend on the result of performance appraisal. Failure to design and implement appropriate appraisal system will have a host of unfavorable consequences on the productivity and job satisfaction of employees as well as on the overall effectiveness of the organization and it is not practically possible to use the result of the performance rating of employees in major decision areas like promotion-demotion, pay raise/pay cut and the like.

ZTE (H.K) LTD Ethiopian Branch performance appraisal conducted once a year and there are three types of standardized forms for performance appraisal used, namely for supervisory level employees, clerical employees and non-clerical employees.

Informal discussion conducted with some selected employees of the company indicated that they are not happy with the system by complaining that promotion is not based on performance appraisal result. On top of this, they said they are not given performance appraisal feedback regularly and open discussions with supervisors do not take place which make employee performance related problems not explicit and thereby not enhance organizational productivity by motivating employees to improve their performance.

These selected employees indicate that most of the questions in the forms are subjective in nature. This is also reflected in the fact that it makes it difficult for raters to accurately rate the performance of their subordinates. The overall attitude of the these selected employees is that the company is not serious about the way how the performance appraisal is conducted and when supervisors are required to rate their subordinates, there is a general feeling among the these employees that they do it carelessly because they are not serious about its implication and they also assume that the organization will not base any of its HR decisions based on their rating.

There have been a couple of occasions where the company tried to base some HR decisions, like pay raise and bonus, based on the results of performance appraisal but failed because almost all employees rating were more than 80% and it was difficult to differentiate the good performers from that of the bad ones.

If these problems persist for longer period without being solved, dissatisfaction will spread among the employees and their motivation toward hard working will stagger. This, in turn, will definitely slow down the company endeavor of achieving its intended goal.

#### **1.4 Research Questions**

- i. What are the attitudes of employees towards the performance appraisal?
- ii. How effectively individual employees involved in the performance appraisal process?
- iii. What looks currently implemented employees' individual performance appraisal process?

- iv. What do both appraisers and individual employees aware about the purposes of a performance appraisal system?
- v. How clear enough is the feedback being given?
- vi. How to communicate the assessment results?

## **1.5 Objectives of the study**

### **1.5.1 General objective**

The main objective of this study is to evaluate and deeply understand the attitude of employees towards performance appraisal practice taking ZTE LTD Ethiopian Branch Office as a case study.

### **1.5.2 Specific Objectives**

- i. To explore and understand the attitude and perception of employees towards performance appraisal
- ii. To measure individual employees' involvement in the process.
- iii. To understand the individual employees performance appraisal process currently used
- iv. To examine whether the purpose of a performance appraisal system is clearly understood by both the appraisers and the individual employees.
- v. To investigate whether the feedback being given is clear enough to the employees;
- vi. To identify the communication system after the assessment result

## **1.6 Significance of the Study**

Although performance appraisal has been the subject of considerable research, literature reviews highlight the scarcity of studies on the determinants of employee's attitude towards performance appraisal practices.

The present study helps the company to assess its employee's perceptions and use this information to make the introduction of the PAS more effective and efficient. Additionally, the results of this study can be useful for other similar organizations which are about to introduce such systems and help make the introduction smoother and more successful. The same application could be done from companies that sell and deal with such kind of systems. This

paper may help future researches to expand this by examining other organizations in different fields and locations.

### **1.7 Scope of the Study**

The study is conducted in the head office of ZTE (H.K) LTD Ethiopian Branch which is located in Addis Ababa and focusing on receiving responses from employees who have been with the organization for more than three year.

### **1.8 Limitation of the Study**

While collecting information about the research study, some respondents in most case out office for work related to business accordingly they are not filling the questionnaire on the given time after submission to them. At the same time some of them gave safeguarded answers to some crucial questions. Moreover, there was time constraint to collect and analyze all responses.

### **1.9 Organization of the Study**

This study is organized into five chapters. The first chapter includes introduction part which contains background of the study, definition of terms and concepts, statements of the problem, research questions, objective of the study, and significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two reviews the theoretical, empirical literatures and conceptual framework on performance appraisal. Chapter three explains research design and methodology of the study. Chapter four presents data analysis and interpretation. Finally, major finding, conclusions and recommendations of the study are presented in the fifth Chapter.



## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

This chapter deals with review of related literature to the topics of performance appraisal and employees attitude. Regarding the topics they are thoroughly discussed by referring different books and journals available on the libraries and on the internet. Then we look the Theoretical, Empirical and Conceptual review of the study.

#### 2.1. Theoretical literature

##### 2.1.1. Definition of Performance Appraisal

The term performance appraisal (PA) is sometimes called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. Performance appraisal, as the term implies, is a formal evaluation of an employee's performance.

PA is a system which involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set standard or objective (Rusli Ahmad and Sopian Bujang, 2013:1); is a formal assessment and rating of individuals by their managers at and after a review meeting as an evaluation of how well an individual achieves job related duties and responsibilities (Armstrong, 2009:618; Edwin A. Locke, 2009:85; Arbaiy and Suradi, 2007:195; Muhammad Faseeh, 2013:68) or is a method of evaluating the employee's contribution for achieving the organizational goals (Sarah et al, 2014:82; Ubeda and Santos 2007:110). The primary goal of performance appraisal is:

- ✓ to provide feedback to employees on how well they are doing their work and to provide direction for future development and accomplishments.
- ✓ is used to analyze the duties and responsibilities of each employee and evaluating the value of the job in relation to others in the organization, according to established standards.
- ✓ not only evaluates the work done by the employees but also tries to boost their morale and motivate them to do their best (Sarah et al, 2014:82)

✓ can be used to make administrative decisions about promotions, terminations, and monetary/non-monetary incentives. Besides strengths and weaknesses are assessed in the appraising process, and the information can be used to establish training and development needs (Edwin 2009:85).

As discussed by Pallavee et al. (2012:47), a performance appraisal system helps to promote better understanding of an employee's role and clarity about his or her functions, give a better understanding of personal strengths and weaknesses in relation to expected roles and functions, identify development needs of an employee, establish common ground between the employee and the supervisor, increase communication, provide an employee with the opportunity for self-reflection and individual goal setting, help an employee internalize the culture, norms and values of the organization. These help to develop an identity with and commitment to the organization and prepare an employee for higher-level positions in the hierarchy and also assist in a variety of personnel decisions.

These all definitions are very important, because they comprise all the important components needed for the well-performed performance appraisal process. The definitions suggest that effective performance appraisal can improve the human performance in the organizations. Outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance such as increased productivity or better customer service.

### **2.1.2.Purpose of Performance Appraisal**

As stated by Holi Ibrahim (2012:200), the three main purposes of performance appraisal include showing and furnishing aspects of staff member performance, alerting the staff member to the degrees of improvement needed in any weaker aspect of his/her performance, and prioritizing the aspects of performance in which improvement is needed. He further discussed that a performance appraisal is used for institutional development, for self-development, for increased pay, and for promotion.

As discussed by many researchers, performance appraisal has two roles in organization. These are administrative and developmental purposes.

**Administrative purpose:** Making and carrying out employment decisions are the fundamental goals of the administrative decision-making. According to Ehtasham Ghauri (2012:38), the administrative purposes address the need for evaluations to obtain information for future decisions such as bonuses, salary increments, promotions and rewards. Administrative decisions include deciding which employees to promote, which to terminate, which to discipline, which employees to transfer etc. In administrative purpose, performance appraisal can be used as a key input for administering a formal organization reward and punishment system.

**Developmental purpose:** When performance appraisal information is intended to be used for developmental purposes, employees receive concrete feedback about their job performance. This serves a valuable function because in order to improve in the future, employees need to know what their weaknesses were in the past and how to correct them. Further, an effective staff appraisal can be used as reinforcement for staff learning and development. As discussed by Holi Ibrahim (2012:200), development oriented appraisal provides the means by which enhanced communication between staff and senior colleagues can determine systematic identification of roles, tasks, targets and training plans for individuals, which support developmental and institutional goals. An effective staff appraisal encourages two-way communication and improves mutual understanding between the appraiser and appraisee and it provides an opportunity for appraisees to reflect on their performance, accomplishment and achievements.

In general the purpose of performance appraisals is to help managers effectively appraise staffs and take actions that could improve productivity. When conducted properly, appraisals serve that purpose by showing employees how to improve their performance, setting goals for employees, and helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations. The performance appraisal outcomes can have an important influence on the employees, attitude towards their work, their supervisors and their organization.

As clearly stated by Armstrong (2009:629) and Luecke (2006:79), the purposes of performance appraisal include the following:

1. Identify who is eligible for promotions and salary increments;

2. Recognize training and development needs for the workers;
3. Provide feedback required for improvement;
4. Place workers according to their ability;
5. Document the reasons for punitive actions, and in some situations assist in defense of actions which may be legally challenged;
6. Encourage goal setting for future accomplishments and measure attainment. This assists employees to advance their job skills and knowledge; and
7. Inspire workers in their routine work.

### **2.1.3. Benefits of Performance Appraisal**

Performance Appraisal is one of the most important and yet one of the most difficult tasks that manager's face. It is very difficult to evaluate a person's performance and even more difficult to convey that judgment to appraisees. Benefit of the appraisal processes are divided in three categories according to their importance for the organization, appraiser /manager and appraisee.

#### ***2.1.3.1. Benefits for the Organization***

Outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance via, for example increased productivity or customer service. Better working relationships are a key result. Problems and priorities are also identified. Improvements to communication also result. The performance appraisal process identifies people with potential and clarifies people's own objectives for their career, highlights training needs and motivates staff. This should lead to increased profitability. The organization needs an appraisal system in order to put their managers in charge of relation to the performance of organization because when employees are given their job responsibilities and duties, then they are liable for these responsibilities.

#### ***2.1.3.2. Benefits for the Manager***

As a result of appraisals, managers can build a better relationship with their staff. Appraisals provide a time to listen to the views of appraisees and ensure they know the appraiser is listening

seriously to what is important to them. Such systems support ongoing communication, feedback and dialogue about organizational goals. It provides the opportunity for managers to explain organizational goals and the ways in which employees can participate in the achievement of those goals.

The performance appraisal gives managers the opportunity to indicate interest in employees' development. This can be a motivational tool to help the organization retain ambitious, capable employees instead of losing them to competitors. It is also important to identify areas of where specific training is needed or available and also provide means for communicating and documenting dissatisfaction with unacceptable employee performance.

### ***2.1.3.3. Benefits for the Appraisee***

From appraisees' perspective, performance appraisal gives direction what exactly is required to do the job and also motivate them to achieve their target and help them to improve their work performance. Appraisals are a chance to reflect on performance with their manager. This is an opportunity to speak frankly with the manager away from daily work pressures and confirm how the appraisee's contribution is viewed. The results provide encouragement to the employee who has been trying to perform well.

Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. Looking to the future, this is the time to agree objectives, plan the way forward, think where they want to go in the organization, know what is expected from them and what the consequences of their performance are.

<b>Benefits of appraisal</b>	
<b>Benefits to the organisation</b>	A consistent process for recognizing and managing staff performance.
	A source of information for planning and decision making.
	A way of analysing and responding to development needs.
	Improved communication and staff motivation.
<b>Benefits to the line manager</b>	A framework for sharing feedback, discussing performance and fixing problems.
	A structure for reviewing and aligning the contributions of team members.
	Planning future performance through the use of work-based or learning objectives.
	Feedback on own management style and approach.
<b>Benefits to the appraisee</b>	Constructive feedback including praise and 'improvement focused' criticism.
	A chance to focus on developing his/her individual performance.
	Having a voice in the team's planning.
	Having an opportunity to raise problems, barriers and obstacles.
	Coming away with a clear set of work and personal development objectives.

*Figure 1. Benefits of Performance Appraisal (Source: Managing the appraisal British Journal of Hospital Medicine, September 2009, Vol 70, No 9 528 – 531)*

#### **2.1.4. Performance Appraisal Process**

Traditionally performance appraisal systems have provided a formalized process to review employee performance. They are centrally designed, usually by the human resource function, requiring each line manager to appraise the performance of their subordinate staff, semiannually and/or annually. Currently, the most challenging aspect of a performance appraisal is measuring the actual performance of the employee. Since the performance is measured by tasks performed, there is a continuous process that must be administered in order to monitor the performances throughout the appraisal cycle.

Thus, it is very important to choose the correct measuring techniques. It is also important to focus on a desired performance (standardized performance) and then compare the desired performance to the actual performance of the employee. All of the planning that goes into the

performance appraisal is for the purpose of evaluating employees, providing employees with valuable feedback and creating a positive effect on future performance. Although the process may be tedious, the end result is one of great importance. In order to obtain benefits from the performance appraisal system, managers should give special attention to the design of the appraisal process.

As Sait Gurbuz and Onur Dikmenli (2007:113) discussed, the process of conducting a performance appraisal can be categorized as follows:

- Establishing job criteria and appraisal standard. (A decision regarding what to measure)
- Timing of appraisal. (Determining how often performance appraisal will be conducted)
- Selection of appraisers. (Deciding who will be the appraiser/s)
- Providing feedback. (Helping employees to see their strengths and weaknesses)

As stated by Edwin A. Locke (2009:85), the process of conducting a performance appraisal includes two main stages: obtaining accurate information about the individual's performance and communicating the performance appraisal to the individual in a manner that maintains a high - performance work culture. In general, appraising a performance appraisal follows six main processes, which are stated below.

#### ***2.1.4.1. Setting up performance standard***

This is the first step in performance appraisal process. It is mandatory to make or set some standards and targets for the employees so that performance can be measured and compared with the standards. This step allows the supervisor and the employee to set and agree on the performance standards that will apply to each activity as well as how the standards will be achieved. The developed performance standards describe what the employees really have to perform and the performance standards guide the workers that how effectively they must have to perform (Ambreen et al. 2011:45).

The performance standards agreed must satisfy the basic condition of being consistent and relevant. They must also be seen to be fair, just reasonable and attainable. In addition, they must be agreeable to the objectives of the organization and it must not be subjectively set (Moses et al. 2013:41).

Clearly understand the level of performance required gives the employee a sense of belongingness which is one of the key ingredients to achieving performance standards. Setting effective performance standards energizes and empowers the employee to take ownership of their positions, the employers to become energized and inspired ceasing to avoid confrontation and the performance of the organization goes up due to the fact that everyone knows what is expected of them, which provides certainty to move forward (Stephen Kyakulumbye 2013:30).

#### ***2.1.4.2. Communicating the standards and expectations***

After setting the performance standards and expected outcomes, the next integral part of the performance appraisal process is to communicate those standards to employees and train them as to how to achieve the benchmarks. This will help them to understand their roles and to know what exactly is expected from them. It is mandatory that employees should know the standards clearly and have the idea on how to meet those. These standards will introduce and update the employees about their main responsibilities and job roles and what is expected out of them. These standards should be communicated at the start of the appraisal period so that appraisees should know what to do in future.

The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

#### ***2.1.4.3. Measuring the actual performance***

After communicating the benchmarks and required performance standards to the appraisee's, the most important step is to measure the performance according to the set standards over the period of time. However, this is a difficult task for the evaluator but it has to be done. Measuring performance is an ongoing process throughout the appraisal period and the appraisers evaluate



the performance and also keep an eye on the tasks and job responsibility. This stage requires careful selection of the appropriate techniques of measurement such as personal observation, statistical reports, and written reports for measuring the performance.

Hunt (2005:29) also emphasizes that “it is important that both the appraisers and appraisees appreciate each other’s point of view during the appraisal process. They have to understand what the other party is saying and why they are saying it.” Such appreciation leads to empathy and increased mutual goodwill. Therefore, appraisees should have active listening skills and develop self-awareness in order to analyse their own strengths and weaknesses and consider developing these areas.

It is recommended that a structured and systematic approach be taken to assessing performance. Problems that arise when an unstructured “blank sheet” approach is used include the following.

- ✓ Increased chance of appraiser errors (i.e., reduced accuracy).
- ✓ Knowledge, skills and abilities most critical to job performance may be overlooked (i.e., feedback may have limited impact on performance effectiveness).
- ✓ Reduced consistency between appraisers (i.e., evaluations may reflect differences between appraisers rather than actual differences in an appraisee’s performance).
- ✓ Perceptions of “subjectivity” in evaluations, which may in turn, reduce appraisee’s satisfaction with, and acceptance of, appraisals (Natalie et al. 2005:7).

#### ***2.1.4.4. Comparing the actual performance with benchmarks***

Here, the next step is comparison of actual measured performance with the standards and benchmarks. This step is sensitive as it is dealing with the yardsticks to compare each task with the set targets, here the employee and supervisors should agree with the process. Comparison shows how employees have achieved the set targets and what divergence has been made to the benchmarks. This comparison tells either the performance is according to standards, above standards or below the standards.

#### ***2.1.4.5. Feedback and performance review discussions***

Feedback is not only important to individuals but also to organizations because of its potential influence on performance and a variety of attitudes and behaviors of interest to organizations. Whether these benefits are realized likely depends on how recipients of feedback react to the feedback. Feedback is not only important to individuals but also to organizations because of its potential influence on performance and a variety of attitudes and behaviors of interest to react to the feedback (Stephen Kyakulumbye 2013:30)

The purpose of the feedback or discussion is to make the employees aware of his performance, achievements and short falls over a period of time but with a positive attitude. Providing prompt and constructive feedback in the appraisal process plays a very crucial role for professional growth of an employee (Ambreen et al. 2011:45).

As stated by Rafikul et al. (2005:5), evaluating each employee as average, without specifically mentioning strengths and weaknesses, diminishes the value of the appraisal process. When an employee's strengths and weaknesses are explained, the employee can build on his or her strengths and correct his or her weaknesses. Employees cannot improve their job performance unless they are told and feedback is given where their performance is inadequate. The feedback given is essential in gaining the maximum benefits from goal setting. Without proper feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior. Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source. Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance.

#### ***2.1.4.6. Decision making***

The last step of performance appraisal process is making the decision on the bases of results taken from the evaluation step. This decision is about the improvement of employees, training on different tasks which are lagging behind, corrective actions, promotions and rise in salary, rewards, transfers and demotions.

### **2.1.5. When to Conduct Performance Appraisal?**

Any activity in an organization has its time of execution. So does have performance evaluation? Organizations have their own time to conduct PA depending on their own philosophy of time period (Mullins 1996:501). With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient. 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. Mathis and Jackson (1997: 345-346), further explained the importance of formal and systematic performance appraisal 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 or by an on-the-spot examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior 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 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 at 90 days after employment, at six months, and annually 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 (Mathis and Jackson, 1997; Obisi 2011). They asserted that for most people, objectives cannot be

accomplished by a performance appraisal given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. It is also not in the interest of the organization for performance appraisal to be conducted once in a year because it would be difficult for the appraiser to know what happened throughout the year and be able to remember them.

Boice and Kleine (1997) argued that employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly. They further strengthened their argument by stating added value of conducting performance evaluation frequently. Two situations that are eliminated by conducting reviews frequently are:

1. Selective memory by the supervisor or the employee; and
2. Surprises at an annual review.

People generally tend to remember what happened within the last month or high profile situations (good or bad). Frequent reviews help eliminate the effects of this, generally unconscious, selective memory.

### **2.1.6.Elements of a Performance Appraisal System**

After the analysis of why a performance appraisal system must be introduced and when it's the right time, the analysis should focus on how this must be done and what reactions might bring about. It is widely known that one of the most difficult and important tasks of an organization it's the creation of a new performance management system and it needs many months of intensive work, because it is the nature of the system that will affect all the people in the organization (Grote, 1996). The creation, recognition and acceptance of such a system must come from every part of the organization in order to be successful.

Everyone must be a part of this process and should support and provide whatever information is needed, from the front-line managers and line managers until the labor force.

Participation in the creation and implementation is one of the factors that affect the reactions and the attitudes of the employees towards the introduction of such systems. Employee's attitudes and reactions towards performance appraisal are strongly related with how fair or not they believe this process is and in the case that this is positive, the satisfaction of the supervisors is increased as well (Smither, 1998). The degree that an employee has been aware of the processes from the early beginning decreases the possibility of perceiving the system as unfair. When employees perceive that their evaluation is fair, then it is more likely to accept their appraisal with satisfaction and to be motivated in order to increase their performance (ibid). As it can be summarized, what a fair performance management system can offer is to improve the reactions of employees to appraisal and towards the organization in total, their motivation and performance and in the end the company's position in future legal challenges to employment (ibid). Another way of reacting towards performance appraisal is when people, especially managers, perceive it as an administrative chore. This automatically leads to devoting less time and attention to these processes which in turn will lead to disagreements with subordinates and negative results in the organizational performance (Gillen, 1998). Some factors that cause antipathy towards PAS are ownership, bad news, adverse impact, scarce rewards and personal reflection (Grote, 1996). Taylor and Pierce conducted a research upon the attitudes of employees after the introduction of a performance management system and they identified the changes that occurred in the performance. Their results showed significant increases in the organizational commitment and in the cooperation with their supervisors over time (Taylor and Pierce, 1999). On the other hand, dissatisfactions occurred when the appraisal was lower than expected, mostly for high performers (Taylor and Pierce, 1999). Simply, the relationship between an employer and an employee can be characterized as an "exchange" of the time and talent an employee dedicates to the organization with the organizational rewards that he takes (Grote, 1996).

Nevertheless, the reaction of an employee to an appraisal system is affected by what the employee perceives as important from what this system can offer. Based on a Harvard Business Review Article ("An Uneasy Look at Performance Appraisal, D. McGregor), it can be said that performance appraisal has three dimensions, first to provide information about possible increases in pay, promotions, transfers etc., second to inform subordinate about his performance and show the way for improvements and last to offer the foundation for coaching and counseling

by the supervisor (Grote, 1996). In other words, the degree of importance of each dimension of the system differs for every employee.

### **2.1.7. Types of Performance Appraisal**

Companies adopt and employ different performance appraisals depending on the needs and nature of the job, work and the company. The most commonly used appraisal techniques include: 360 degree appraisal, peer review, self-review, essay appraisal, graphic rating scale, forced-choice rating, critical incident appraisal, management-by-objectives approach, and ranking methods.

Accordingly, each of these methods has its own combination of strengths and weaknesses, and none is able to achieve all the purposes for which management performance appraisal systems are intended. Neither is any one technique able to evade all of the pitfalls. The best anyone can hope to do is to match an appropriate appraisal method to a particular performance appraisal goal. If a performance appraisal system is new to your organization, it should first be pilot tested with a select group of employees before it is instituted throughout the organization, or it may fail. Here is a review of some of the types of appraisal methods used, which are in no particular order of importance:

#### ***2.1.7.1. 360-degree***

The 360-degree appraisal is the most comprehensive and costly type of appraisals. It offers an alternative method by which organizations can gain more useful performance information about employees, and make them more accountable to their various customers. Rather than having a single person play judge, a 360-degree appraisal acts more like a jury. It includes self-ratings, peer review, and upward assessments; feedback is sought from everyone. It gives people a chance to know how others see them, to see their skills and style, and may improve communications between people. The people, who actually deal with the employee each day, create a pool of information on which the supervisor may act. This provides feedback from both internal and external customers to receive a broader, more accurate perspective on employees. The advantages of the 360 degree are: it provides a more comprehensive view of

employee performance, it increases involvement and credibility of the performance appraisal, have a strong impact of behavior and performance, feedback from peers enhances employee self-development.

#### ***2.1.7.2. Peer Review***

Peer Review may be designed by three to six workers, to set the goals, benefits, and objectives of the program design a criteria-based performance evaluation system and conduct a pilot program. People should be encouraged to provide feedback on the system itself. Training and support should be available. Peer reviews often have a high level of worker acceptance and involvements tend to be stable, task-relevant, and accurate. By helping peers to understand each other's work, and by airing grievances in a non-threatening manner, peer reviews may also help people to get along better. For the organization, this means higher performance. For the worker, this means a better place to work and less frustration. It may also help people to concentrate less on politics and more on building skills. Peer reviews may work best if all parties know that the reviews will not be used for setting pay, promotion possibilities, or disciplinary actions. However, a peer review system with the power to give promotions, raises, or disciplinary actions, might be workable in some businesses, if the employees think it's a good idea.

#### ***2.1.7.3. Self-Review***

Self-Reviews are based on the idea that employees are most familiar with their work, and that their involvement is essential. Employees rate themselves on a number of criteria, usually with a formal survey form, and suggest improvements. They help to clarify their own goals, and expose areas of weakness so they may be worked on. Mostly, the manager is left out of the process, although an exchange of views between the employee and manager may help their relationship, and boost the employee's own understanding.

Meyer (1991) said that self-review changes the role of the manager to counselor, rather than judge. With this role, the manager can do more to support people. He further points out that self-review enhances the subordinate's dignity and self-respect. Involving the employee as an equal in the review process is more likely to increase commitment to action plans, making the entire process both more satisfying and more productive. Self-reviews tend to have low halo error and

result in little paperwork for managers. However, people may not see their own deficiencies as others do, so self-review should be used alongside other methods.

#### ***2.1.7.4. Essay Appraisal***

In Essay appraisal, the appraiser prepares a written statement about the employee being appraised. The system usually concentrates on describing specific strength and weakness in job performance. It also suggests courses of action to remedy the identified problem areas. The biggest drawback to essay appraisals is their unpredictability and inconsistency in length and content. Moreover, since different essays touch on different aspects of a person's performance or personal qualifications, essay ratings are difficult to combine or compare.

#### ***2.1.7.5. Graphic Rating***

The graphic rating scale assesses a person on the quality and quantity of work (outstanding, above average, average, or unsatisfactory) and on a variety of other factors that vary with the job but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication. This scale has come under frequent attack, but remains the most widely used rating method (Berkshire and Highland 1953).

#### ***2.1.7.6. Forced Choice***

Forced choice technique is an approach to PA that requires the rater to choose from statements designed to distinguish between successful and unsuccessful performance. In many forced-choice methods of rating performance, managers will be required to assess which employee is the best, second best, third best and so. However, clever raters can learn how to manipulate and beat the system by giving high rates to average favorite employees. An additional drawback is the difficulty and cost of developing forms.

Consequently, the technique is usually limited to middle- and lower-management levels where the jobs are sufficiently similar to make standard or common forms feasible.

Finally, forced-choice forms tend to be of little value- and probably have a negative effect when used in performance appraisal interviews.



#### ***2.1.7.7. Critical Incident Technique***

The critical incident technique looks like a natural to some people for performance review interviews, because it gives a supervisor actual, factual incidents to discuss with an employee. Supervisors are asked to keep a record, a "little black book," on each employee and to record actual incidents of positive or negative behavior. Instead of arguing over traits and personality, the discussion now deals with actual behavior and performance, leaving the employee to know what those standards are (Myers, et al 1965).

There are, however, several drawbacks to this approach. It requires that supervisors jot down incidents on at daily or, at the very least, a weekly basis. Furthermore, the critical incident rating technique needs not, but may, cause a supervisor to delay feedback to employees. Furthermore, it is hardly desirable to wait six months or a year to confront an employee with a misdeed or mistake. Finally, the supervisor sets the standards by which the employee is judged that may be unfair. To avoid or to deal with the feeling that they are being judged by unfairly high standards, employees in some organizations are being asked to set or help set their own performance goals.

#### ***2.1.7.8. Management by Objective (MBO)***

MBO according to Drucker (1954) is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans should ensure better participation and commitment among employees, as well as alignment of objectives across the organization. Employees are consulted, but management ends up imposing its standards and its objectives (Levinson, 1970). MBO technique is more "democratic," and can be effective; making use of specific work goals or targets provide for knowledge of results. In fact, there appears to be something of a fashion trend in the setting such work standards in white-collar and service areas.

#### ***2.1.7.9. Ranking***

The two most effective methods are alternation ranking and paired comparison ranking. Alternation ranking, in this method, the names of employees is listed on the left-hand side of a sheet of paper, preferably in random order. If the rankings are for salary purposes, a supervisor is asked to choose the "most valuable" employee on the list, cross his name off, and put it at the top

of the column on the right-hand side of the sheet. Next, the "least valuable" employee is selected on the list; name is crossed off, and is put at the bottom of the right-hand column. The ranker then selects the "most valuable" person from the remaining list, crosses each name off and enters it below the top name on the right-hand list, and so on. Paired-comparison ranking, this technique is probably just as accurate as alternation ranking and might be more so. But with large numbers of employees, it becomes extremely time consuming and cumbersome. Both ranking techniques, particularly when combined with multiple rankings (i.e., when two or more people are asked to make independent rankings of the same work group and their lists are averaged), are among the best available for generating valid order-of-merit rankings for salary administration purposes.

### **2.1.8. Who should assess performance?**

Performance appraisal could be done by anyone who is familiar with a person's performance according to chosen appraisal technique including supervisors, subordinates, peers, customers, self-appraisal and multi-source feedback. Below, the various people responsible for conducting the evaluation process are presented:

#### ***2.1.8.1. Evaluation performed by supervisors***

Supervisors include superiors of the employee, other superiors having knowledge about the work of the employee and departmental head or manager. The general practice is that immediate supervisor appraises the performance of the subordinates. The immediate supervisor is in position to observe, direct and evaluate the subordinate's performance and is responsible for that person's performance. This is because supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control the subordinates continuously. Moreover, they are accountable for the successful performance of their subordinates. Sometimes other supervisors, who have close contact with employee work also appraise with a view to provide additional information.

### ***2.1.8.2. Self-Appraisal***

An employee's self-appraisal is an important part of a comprehensive appraisal process. The process of evaluating one's own performance can help to increase workers' commitment to the appraisal process, perceptions of appraisal fairness, and satisfaction with the appraisal process. In this process, each employee is asked to evaluate his own efficiency. It gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. If employee is clear with the objectives, his/her responsibilities, they are to a great extent in a better position to appraise their own performance. Also, since employee development means self-development, employees who appraise their own performance may become highly motivated.

Self-appraisals are usually biased towards leniency. Strategies to increase the accuracy of self-appraisals include using clear definitions of performance criteria linked to specific observable behaviors, informing workers that their ratings will be checked, compared to other sources of appraisal (i.e., for accuracy) and ensuring workers receive regular feedback on their performance. It is recommended that self-appraisals be used for professional development purposes, rather than for making administrative decisions (i.e., pay increases, promotion) (Natalie et al. (2005:11).

### ***2.1.8.3. Evaluation performed by Peers***

Appraisal by peers is popular in the firms that use team appraisal or peer appraisal. Peers are in a better position to evaluate certain facts of job performance, which the subordinates or superiors cannot do. Such facts include contribution to work group projects, interpersonal effectiveness, communication skills, reliability and initiative etc.

This technique of appraisal may be reliable if work group remains stable over a reasonably long period of time and performs the task that requires interaction. Peer appraisals can have impact on open communication, motivation and group viability. Peer assessment is usually most successful when there is some anonymity for the peer. The information obtained should be treated confidentially in order to encourage frank and honest comments.

There are risks inherent in having appraisals done by peers. Peer evaluations may be biased towards those individuals most well liked in an organization (i.e., friendship bias). Furthermore, peer appraisals may have a negative impact on teamwork and cooperation if workers are competing with one another for organizational incentives and rewards. It is recommended that peer appraisals be used for professional development rather than administrative decisions (Natalie et al. 2005:11).

#### ***2.1.8.4. Evaluation performed by Subordinates***

The concept of having superiors rated by subordinates is being used in most organizations today. Many organizations let the subordinates to rate their superior's performance. This process is called as "upward feedback". It helps in assessing certain aspects of superior's performance like management style, ability to communicate, delegate the work, allocate resources and deal with employee on a fair basis etc. Subordinates' ratings in such cases can be quite useful in identifying competent superiors. It also helps to know the expectations of the subordinates from their superiors. Here, the fear or reappraisal often compels a subordinate to be dishonest in his rating.

However, the fear of reprisal often compels a subordinate to be dishonest in his ratings. This source of appraisal may only be appropriate in larger organizations where there are sufficient subordinates to allow anonymity (Natalie et al. 2005:12).

#### ***2.1.8.5. Evaluation performed by Customers***

This can be a very important source of information about the employee. If customers are used as a source of data for performance appraisals, the customer should be given specific performance criteria to evaluate. This can occur after each job done for the customer or at period intervals during the year. Employees' performance in service organizations relating to behaviors, promptness, speed in doing the job and accuracy can be better judged by the customers or users of services. For example, a teacher's performance is better judged by students and the performance of a conductor a bus is better judged by passengers. It is particularly important for organizations to know what customers believe concerning the service level they are offered. Customer satisfaction ratings provide a reliable indicator for quality and services.

#### ***2.1.8.6. Evaluation performed by External Consultants***

Many organizations use the services of external consultants to perform the assessment process with the assistance of the supervisors. Sometimes consultants may be engaged for appraisal when employees or employers do not trust the supervisory appraisal and management does not trust the self-appraisal or peer appraisal or subordinate appraisal. The consultant, in cooperation with the supervisor, initially uses the interview method to collect job data and information concerning the employee's efficiency. The consultants are trained and observe the employee at work for sufficiently long periods for the purpose of appraisal.

#### ***2.1.8.7. 360 Degree Appraisal Feedback - Cyclic Evaluation***

The 360-degree appraisal is also known as "multi rater feedback, multi-source feedback, full circle appraiser, multi-dimensional evaluation, and up-wards feedback appraisals".

360-degree feedback has many distinguished features from other traditional types of performance appraisals. First, information and feedbacks about the employee's performance are collected from many sources. The appraisers in the 360-degree feedback know and interact with appraisees frequently. Thus they are the right people to appraise the performance of the appraisee's. So, the person gets a broader range of performance information. They have the opportunity to view their performance through the eyes of those with whom they work most closely (Sait Gurbuz and Onur Dikmenli 2007:114).

It is considered a different philosophy on the entire appraisal-feedback-development process. It is tied to the ideas of open, honest feedback and constant improvement. It is a strong trend and continues to grow in popularity.

In view of the limitations associated with each and every method discussed above, several organizations follow a 360-degree appraisal multiple rating system wherein several superiors separately fill out rating forms on the same subordinate.

### **2.1.9.Characteristics of an effective performance appraisal system**

An effective performance appraisal system has a strategic importance to the organization. Clearly, the organization must monitor the extent to which it is conducting its performance appraisals effectively, adequately, and appropriately. As with selection, performance appraisal must be free from bias and discrimination. Also, regardless of which performance appraisal approach is used, an understanding of what performance management is supposed to do is critical. When performance appraisal is used to develop employees as sources, it usually works. When management uses performance appraisal as a punishment or when raters fail to understand its limitations, it fails. The key is not which form or which method is used, but whether managers and employees understand its purposes. In its simplest form, a performance appraisal is a manager's observation (Jamal Mustafa Abu-Musa 2008:22).

The essential characteristics of an effective performance appraisal system are as follows:

- 1) Simple rating system: The rating system should be simple and based on job analysis for ensuring accuracy and fairness of performance evaluation of employees.
- 2) Training in appraisal system: All employees, including managers, should be trained to use the appraisal system so that they understand the objectives, methodology and purpose of performance appraisal.
- 3) Quantifying performance: Performance appraisal should be based on accurate up-to-date job descriptions and ratings is made on observable performance.
- 4) Freedom from biases: Evaluations should be done under standard conditions and should be free from adverse impact arising due to personal biases and gender discrimination. A biased appraisal system is worse than having no appraisal system as it damages the motivation, morale and productivity of employees and impairs performance-oriented behavior.
- 5) Participative: Preliminary results of performance appraisal should be shared with the employee to develop confidence of employees in the system and to provide opportunities for discussions.
- 6) Reviewing officer: There must be some upper level reviews with appeal provision so

that appraisal ratings are normalized and employees have an opportunity to speak against unfair treatment by their immediate superiors.

- 7) Performance feedback: Performance counselling and feedback should be provided to employees for creating joint action plans for rectifying deficiencies in performance and seeking means and measures for improving performance in future.
- 8) Combining absolute and relative standards: Appraisal should be carried out by combining absolute and relative performance standards so that job performance expectations are relative and achievable.
- 9) Using behavior based measures: Behavioral based measures should be used to correct and develop appropriate employee attitudes, motivation and behavior for directing and controlling employee efforts and outcomes.
- 10) Identification of performance goals: Performance appraisal of employees should also be based upon agreed performance goals and targets for ensuring that employees are rated for the level of performance expected from them.
- 11) Training & Development: Performance should be used for employee development purposes so that gaps in skills and competencies are addressed and removed for better performance and productivity.
- 12) Recognize and reward achievement: Appraisals should recognize, reward, reinforce and publicize employee achievements to motivate and serve as a role model for others to emulate.
- 13) Identifying improvement areas: Appraisal should identify areas where performance is good and when it can be improved.
- 14) Confidence and acceptability of employees: Performance appraisal process should be carried out in such a way that employees response trust and confidence in the system. Without employee acceptance, performance appraisal shall serve no organizational purposes and will get reduced to a mere ritual on paper.
- 15) Documentation: Appraisal process should ensure that performance goals and specific activities for developing performance of employees are documented for further reference and as legal backup.

### **2.1.10. Employees 'Attitude and Reaction toward the Components of Performance Appraisal**

In this section we will be exploring the employee aspect of performance appraisal. The attitude and the subsequent reaction of employees to the aspects of performance appraisal system like feedback and to the performance appraisal system in general can be the same or different. Employees can have a positive attitude to some aspects of the system but may not have the same attitude to the system as a whole.

Hence, it is worthy to look in to those factors that affect the attitude of employees towards the performance appraisal system in general and its aspects in particular. One of the major components of performance appraisal is the performance appraisal instruments (rating scales).

Among the major factors affecting the employee's attitude is the rating scale used by the organization. The BARS method appears to be less susceptible than a graphic rating scale to both halo and leniency effect. His conclusion is reliable because of the absence of methodological flaws (equal number of scale points was ensured for both scales). However, in his study there are certain dimensions in which the result among the two rating scales showed insignificant difference or no difference at all (e.g. Initiative). Such a result may be attributed to the lack of raters training. A particularly significant finding emerged from Tziner's study is that the overall performance evaluation, made after the ratings on performance dimensions were completed, manifested an undeniable psychometric superiority (Tziner, 1984).

It was less contaminated by leniency effect in the BARS than in the graphic rating scale format form. The most prominent merit of BARS is that they provide a standardized frame of reference in observing, recording and interpreting behavioral incidents. Therefore, the ratings on performance dimensions, subsequently based on these incidents, reflect to a larger extent objective reality (i.e. actual performance and behavior. Consequently, they are presumably also less contaminated by prevalent rating errors (Waldesee and Lathans, 1994).

In conclusion, the performance evaluation instrument in use and its proper application has a major impact on the attitude and reaction of employees. Therefore, organizations must carefully plan and implement a technique which can accurately measure a work related behavior and



performance of employees and also are required to train the appraiser in how to make the best use of the instrument in use. The reason is that utilizing performance appraisal instruments and designing training programs without considering the nature of the task may explain unsuccessful attempts in devising more accurate and efficient performance appraisal systems. Appraising performance according to the nature of the task, matching task nature with performance appraisal instrument, and designing training programs to increase observational accuracy may improve performance appraisal systems as well as enhance the attitude of employees (Cook and Crossman, 2004).

### **2.1.11.Challenges involved in Performance Appraisal**

Evaluating employees on relevant job criteria sounds reasonable and logical. However, Robinson and Fink (2006) say there are a number of flaws in the evaluation process. In actual practice, however, formal performance appraisal programs have often yielded unsatisfactory and disappointing results, as the growing body of critical literature attests. (McGregor, 1957; Thompson and Dalton, 1970; Schrader, 1969). Again, some critics suggest that PA should be abandoned as a lost hope, as they point to scores of problems and pitfalls as evidence. But considering the potential of appraisal programmers', the issue should not be whether to scrap them; but rather, it should be how to make them better.

Thus, until a better technique comes along, organizations should use some form of appraisal to cover any potential risks. Decisions related to discipline and potential terminations are usually the "hot button" issues that managers want most to avoid. But in firms that ignore or simply overlook performance problems, the problems may grow so large that they put the firm at risk either from a professional liability claim, or from some kind of employee relations fiasco. The paradox is, time becomes an enemy when PA problems are not dealt with openly. The prevention of larger problems is why continuous feedback and documentation are vital. (Messer and Myers 1965). Obstacles to the success of formal performance appraisal programs should be familiar to most managers, either from painful personal experience or from the growing body of critical literature. One reason for failure is that companies often select indiscriminately from the wide battery of available performance appraisal techniques without really thinking about which

particular technique is best suited to a particular appraisal objective. The following are the most troublesome and frequently cited drawbacks:

***2.1.11.1. Demand on Supervisors***

A lot of demand is placed on supervisors. Formal PA obviously requires at least periodic supervisor observation of each subordinates performance. However, the typical first-line supervisor hardly knows just what each of the 20, 30, or more subordinates are doing.

***2.1.11.2. Unfairness and biases***

Standards and ratings tend to vary widely and, often, unfairly. Some raters are tough, while others are lenient. Some departments have highly competent people, others have less competent people. Consequently, employees subject to less competition or lenient ratings can receive higher appraisals than equally competent or superior associates. Mostly, personal values and bias replace organizational standards. An appraiser may not lack standards, but the standards used are sometimes wrong. For example, unfairly low ratings may be given to valued subordinates so they will not be promoted out of the rater's department. More often, however, outright bias dictates favored treatment for some employees.

***2.1.11.3. Lack of communication***

Employees may not know how they are rated due to lack of communication. The standards by which employees think they are being judged are sometimes different from those their superiors actually use. No PAS can be very effective for management decisions, organization development, or any other purpose until the people being appraised know what is expected of them and by what criteria they are being judged.

***2.1.11.4. Lack of training***

Appraisal techniques tend to be used as performance panaceas. If a worker lacks the basic ability or has not been given the necessary training for his job, it is neither reasonable to try to stimulate adequate performance through performance appraisals, or fair to base salary, dismissal, or other

negative decisions on such an appraisal. No appraisal program can substitute for sound selection, placement, and training programs. Poor performance represents someone else's failure. The supervisor often reduces the validity of ranking.

#### ***2.1.11.5. Feedback***

PA ratings can boomerang when communicated to employees. Negative feedback not only fails to motivate the typical employee, but also can cause him to perform worse (Myers, et al 1965). Only those employees who have a high degree of self-esteem appear to be stimulated by criticism to improve their performance.

#### ***2.1.11.6. Lack of involvement***

Performance appraisal interviews tend to emphasize the superior position by placing him in the role of judge, thus countering his equally important role of teacher and coach. This is particularly damaging in organizations that are attempting to maintain a more participative (democratic) organizational climate. A pitfall represents a formidable challenge in appraisal techniques, but attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are most likely to achieve a particular objective and least vulnerable to the obstacles already discussed.

### **2.2. Empirical Review**

Smith and Rupp (2003) explored the effects of receiving a low performance rating and high merit increase or a high performance rating and a low merit increase and empirically investigate its impact on knowledge workers' motivational and general morale. Their research finding showed that long years of tenure and age leads to a positive attitude towards a low performance rating and high merit increase as well as increased motivation.

To the contrary newer and young aged employees may not feel as much loyalty to the company. Women were found to be more positive than men when presented with a high performance rating and low merit increase; implying that women are not primarily motivated by money rather "Recognition" is an important factor.

Palaiologos et al. (2011) aimed to explore the Performance Appraisal (PA) aspects that are connected with organizational justice, and more specifically three kinds of justice, namely distributive, procedural and interactional justice. Jawahar (2007), cited by Palaiologos et al. (2011), supported the success of appraisal systems may well depend on ratee's perceptions of fairness and reactions to important aspects of the appraisal process.

From their study Palaiologos et al. (2011) confirmed that the administrative purpose of PA is related to distributive justice and procedural justice. Meanwhile, the developmental purpose of PA is related to interactional justice, indicating a positive connection between employees' personal development and good interpersonal relationships. At the same time, employees' perceptions of various criteria used for their PA were found to be positively related to procedural justice. In addition, these criteria are positively related to the three kinds of organizational justice, with more significant relationship to procedural justice. It seems that having clear-cut criteria of evaluation that are known and understood by employees makes them feel that the PA process is fair. When we come to employee satisfaction with ratings, it was positively related to procedural justice a positive relationship between the procedural justice and satisfaction with feedback.

Palaiologos, Papazekos and Panayotopoulou (2011) found a significant relationship between the distributive justice and satisfaction with feedback indicating the importance of feedback and explaining the PA outcomes as well as its consequences of individuals in organizations.

In addition, the significant relation found between interactional justice and satisfaction with rater supports the importance of the supervisor's role in the employees' satisfaction.

Apparently, the appraisers' role in the interactional justice is fundamental, as they seem to be the basis of the satisfaction that employees receive through the PA system. Brown, Hyatt, & Benson (2010) examined the role of low quality performance appraisals (PA) on three human resource management outcomes (job satisfaction, organizational commitment and intention to quit). And from their finding employees with low quality PA experiences (relative to those with mixed and high quality PA experiences) were more likely to be dissatisfied with their job, be less committed to the organization and more likely to be contemplating leaving the organization. It is depicted in this research that when employees have low quality PA experiences the organization will likely

incur a penalty in terms of lower job satisfaction and organizational commitment and higher intentions to quit.

Kuvaas (2011) conducted a research with the purpose of testing the relationship between PA reactions and employee outcomes in terms of affective organizational commitment and work performance. This study found that positive PA reactions need to be accompanied by high levels of perceived regular feedback in order to be positively related to work performance. Accordingly, even though perceived regular feedback is unrelated to work performance, it may represent a necessary condition for PA to result in increased work performance. While satisfaction with PA is associated with employee commitment, perceived helpfulness of PA was positively related to affective organizational commitment in the current study. This particular finding highlights the importance of positive PA reactions as the point of departure in positively influencing employee attitudes.

Flynn (2011) stated that the more we try and manage employee motivation directly, the more it will elude us. Motivation is personal and internal. It is not manageable directly – we cannot “do” motivation to employees. As managers and employers we should work on the “environmental management,” put meaning back into work and leave employees to their own motivational devices.

### **2.3. Conceptual Framework**

The ultimate goal of performance appraisal is to maintain better performance by fostering employees’ motivation, which would depend upon the situations in the workplace, such as reward system, rules and regulations. The performance appraisal system should aim to improve performance, not to catch someone out. Where there is a negative gap between expected and actual performance, the performance appraisal processes must result in a fair and just approach to raising, discussing and bridging the gap. The employees must be confident that the issues and processes involved will remain confidential and not discussed or known in unrelated contexts. The standards of workplace performance and behavior must be clearly expressed so that everyone can identify when performance or behavior does not meet expectations. The processes that will be used to address poor performance or behavior must also be clearly stated and known.

A significant direction of research regarding performance appraisal efficacy and approaches for evaluation has concentrated on employee satisfaction and perceptions of the process. This direction has lead researchers and practitioners to take a more comprehensive view of performance appraisal system efficacy and evaluation of systems which include these factors.

One common theme of recent research is that attitudes of the system's users toward the process determine to a large degree the ultimate effectiveness of a performance appraisal system (Mount, 1984).

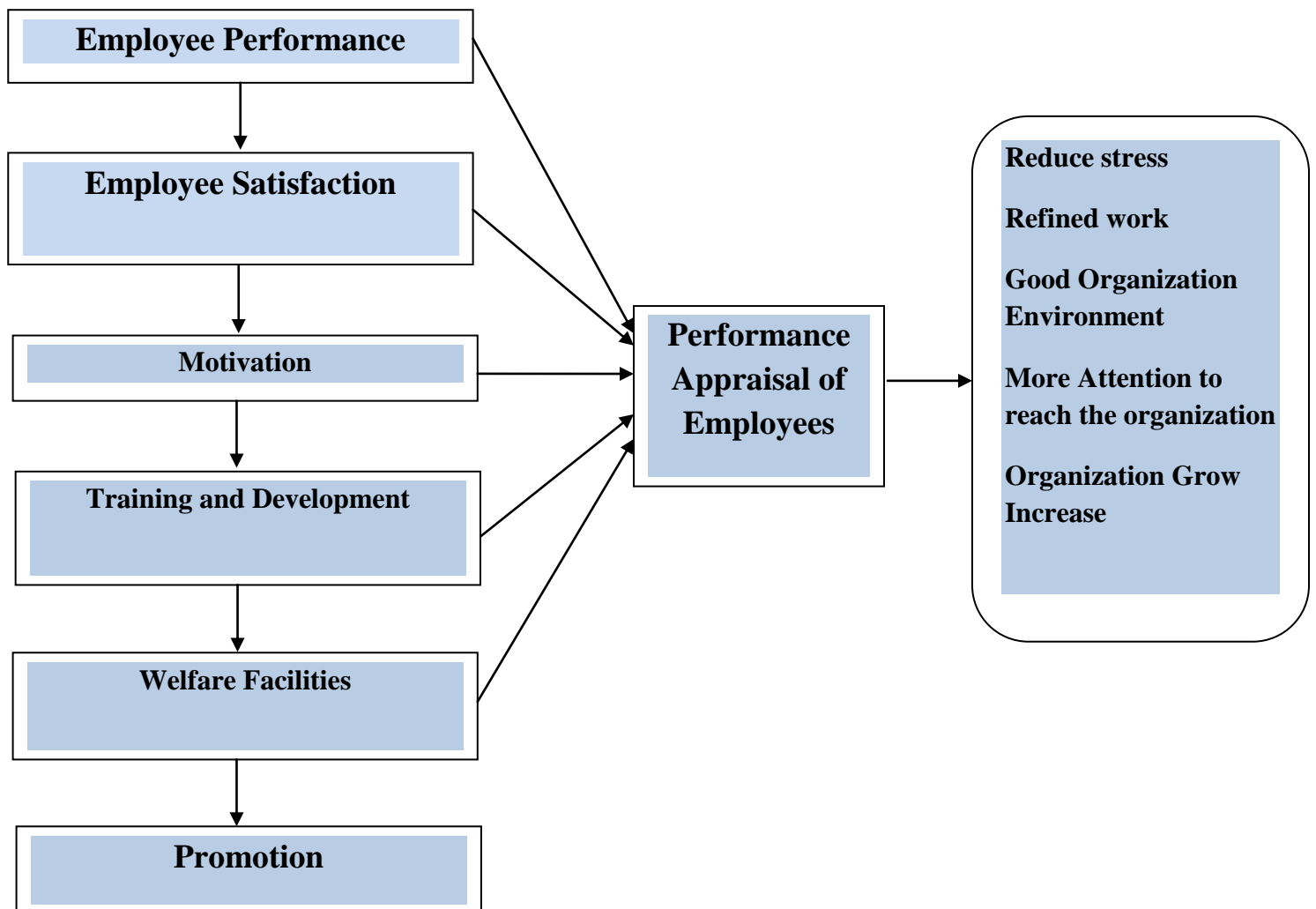


Figure 2. Conceptual frameworks, Source Researcher Schematic (2017)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter focuses on the research design and methodology of the study, which is concerned with the sources of data, data collection procedures, sample size and sampling techniques, and data analysis methods used in the study.

#### **3.1. Research Design**

The research design used in study was descriptive in nature, specifically cross-sectional design using both quantitative and qualitative approaches to undertake a detailed examination of the current performance appraisal practices at the selected company. Descriptive research permitted the explanation of phenomena as they naturally occur. In effect, performance appraisal practice being experienced by employees of the company was described as they naturally occur. To enable such a description of performance appraisal practice, frequency and percentage distributions, along with means and standard deviations was used. A cross-sectional study is “a methodology designed to investigate variables or a group of subjects in different contexts over the same period of time” (Collis & Hussey 2009:7, 333).

This approach was considered appropriate since it enabled the researcher to get the desired information from the company selected using both quantitative and qualitative data.

#### **3.2. Population, Sample Size and Sampling Techniques**

##### **3.2.1. Research Population**

Primary data were collected from employees of ZTE (H.K) LTD Ethiopian Branch Head Office. The Company has currently 230 employees that are involved at various professional levels. It is obvious that because of different constraints and difficulty to manage the data in depth, studying each unit of the total population is very difficult. Hence it is important to draw a sample from which the research can be inferred to the total population that should be representative sample size.

### **3.2.2. Sample Size**

The study covered all departments of the company consisting of employees who are Grade 4 and above, employees who have been with the organization for more than three year to ensure that each respondent has at least experienced the performance appraisal practice within the organization. Based on this, Out of the total of 230 employees, 90 (39%) employees were the target population which was taken as a sample.

### **3.2.3.Sampling Techniques**

This research used purposive sampling where the researcher believed that only limited numbers of people can serve as primary data sources due to the nature of research design and aims and objectives. From experience, the researcher believed that Grade 4 and above employees could particulate the questions and the in-depth interviews that help answer research questions or achieve research objectives. This sampling technique is the most cost-effective and time-effective sampling methods available for the scope of this research. A list of employee IDs, group by departments, in no particular order were obtained from the HR and from the list only those with Grade 4 or above were selected purposely, making sure that all groups within departments are represented. Specific numbers of female and male employees were interviewed, also taking into account different age categories.

### **3.3. Source of Data**

The study was undertaken mainly based on the data that is collected from both primary and secondary sources of data that enable the student researcher to meet the objectives of the study outlined at the beginning. Primary sources were used because of their relevance to collect data that help in meeting the study objective and secondary sources were used in order to collect data that cannot be obtained otherwise.

### **3.4. Data Gathering Instruments**

The main sources of data were identified to be primary and secondary. Questionnaire and interview were used as the main instrument to collect data from the two main sources. Primary data were collected mainly through questionnaires of both types (closed-ended and open-ended)



that were distributed to 90 employees of the company, which represent 39% of the total number of the population.

On top of questionnaires, structured interview was held with HR directorate. The interview discussion questions were designed to know the HR directorate understands of performance evaluation practice and to enhance reliability of the data. .

### **3.5. Procedures of Data Collection**

As the ground work for the survey managers of the sample organizations had been provided with a letter clarifying the purpose of the study and that information gathered will be kept in confidence. Once the researcher made sure that the management was willing to let the researcher contact the respondents then the survey continued.

Questionnaires were used to collect the required primary data for they are the most suitable ones for the purpose and interview was used in order to collect data that cannot be obtained through questionnaires and to complement credibility of the data collected using questionnaires. Secondary data as a source of information is very essential for any research as they will help to offer answers to the research questions. The secondary data included in this study were from journals, textbooks and internet sources

### **3.6. Validity and Reliability Issues**

The questioners that the researcher used for this study is acceptable because almost all of the questions are prepared with maximum effort to create strong alignment with the research questions and to keep the contain validity of them. The questioners also enable the researcher in obtaining information relevant to the purpose of my study.

Concerning reliability issue the researcher proved it by conducting a pilot test of research tool to insure weather the questions with in the questioner were understood by respondents or not and to ascertain the logical sequence of questions asked. The researcher had distributed questioners to five staff members and tests their response by using percentage and average. It shows 91% reliability. Therefore the reliability and validity of this study are ascertained in this way.

### **3.7. Method of Data Analysis**

Descriptive statistics was used to organize the data gathered through closed ended questions with the help of SPSS version 20.0. Analysis was done according to the objective of the study.

Summary statistics in form of qualitative and quantitative measures, frequencies and percentage were run and interpretations were made. Regarding the interpretation for the variables used on like scale: measurement was used on the basis of survey 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

All the qualitative data collected from key informants was summarized on a continuous basis to ensure completeness. The data collected through interview and different organizational documents were also summarized, coded and presented in a way that communicates the major finding of the study.

### **3.8. 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 to be gathered from them) and issues of confidentiality (by ensuring the respondents that all of the information in this study will solely be used for academic purposes only.)

In addition, the researcher made sure that all of the responses from the sample are given merit, whether the student researcher agree or not to their individual responses. The researcher would not disclose any personal information of the respondents, which was explained in the conduction of the questionnaire and interview directly to the respondents.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

The primary focus of this study is to determine employee attitude of fairness of and satisfaction with a performance appraisal system and some of its major components.

#### **4.1. Demographic Characteristics of Respondents**

In this section demographic characteristics of the respondents in terms of age; gender; length of tenure in the present organization; highest level of education completed and the grade level the respondents currently have. Forty percent (n= 32) of the respondents were female. The remaining 60% (n =48) of the respondents were male. Regarding the age of the study participants, the largest group (n=40,50%) was in the 30-39 years age group. The second largest group (n=32, 40%) indicated their age as within the 20-29 year group. A small proportion (n=8, 10%) indicated that they were in the age group of 40-49 years (see table 1). This indicates majority of respondents are youngster and the rest are in the middle age.

*Table 1. Sex and Age of respondents*

Characteristics (Variables)		Frequency	Percentage
Sex	Male	48	60
	Female	32	40
Age	20-29 Age	32	40
	30-39 Age	40	50
	40-49 Age	8	10
Formal education	College Diploma	23	28.8
	BA/BSC Degree	45	56.2
	Master's Degree	12	15
Service Year	Below 5 Years	40	50
	6-10 Years	32	40
	11-15 Years	8	10
Grade level	Grade 4	38	47.5
	Grade 5	18	22.5
	Grade 6	16	20
	Grade 7	8	10

The largest group of respondents (n=45, 56.2%) reported a Bachelor degree as their highest level of education. The next largest group (n=23, 28.8%) indicated a diploma as their highest level of education. The remainder of respondents (n=12, 15%) indicated Master's Degree and above as their education level.

Regards the largest group of respondents (n=40, 50%) indicated that they had been working in the organization below 5 years. 32(40%) of respondents indicated a tenure with the organization of between 6 and 10year and 8 (10%) of the respondents reported their stay in the organization between11-15 years.

In relation to this the largest group of respondents (n=38, 47.5%) indicates that they are working in the grade level of 4. 18 (22.5%) of respondents works on level 5 and 16(20%) of respondents are level 6. The remaining 8 (10%) are at level 7.

#### 4.2. Data analysis and Pertaining study

Out of the 90 questionnaires distributed to employees of the company 80 (89%) questionnaires were returned with full information. Questionnaires were distributed to non managerial and managerial employees the company and discussion was made with members of senior management of ZTE. The data collected are analyzed using SPSS version 20 and presented using Tables. The chapter Questions presented in Likert scale as strongly agree and agree are considered only as agree, and strongly disagree and disagree are considered only as disagree for convenience purpose.

##### 4.2.1. Attitude of Employees towards the Major Components of Performance Appraisal

At first employees were asked whether there is a formal performance appraisal in the organization or not and their responses are summarized in table 2 below

*Table 2. Existence of formal performance appraisal system in the organization*

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	57	71.25	71.25	71.25
	No	13	16.25	16.25	87.5
	I don't know	10	12.5	12.5	100
Total		80	100.0		

As we can see from table 2 almost all respondents (n=57, 71.25%) agreed about the existence of formal performance appraisal system in the organization. 13 (16.25%) of the respondents said there is no formal performance appraisal system and 10 (12.5%) of the respondents claimed that they do not know whether there is formal performance appraisal system or not. According to the

interview with five members of senior management, there exists a formal appraisal system in the organization.

#### **4.2.2. Attitude of Employees towards the Performance Rating Process**

As indicated in the literature part of this study, employees can have a positive attitude towards some aspects of performance appraisal system but may not perceive the overall performance appraisal system positively. In this section the perception of employees towards standard setting; clarifying expectation; participation level of employees in performance appraisal process; rater; and accuracy of rating method will be reviewed. Responses were measured on five point Likert scale with 1 = Strongly Agree; 2 = agree; 3 = Neither Agree nor Disagree; 4 = Disagree; and, 5 = Strongly Disagree. To make easy the interpretation the following values are assigned to each scale 1.50 or less strongly agree; 1.51-2.5=Agree; 2.51-3.49=neither Agree nor disagree; 3.50-4.49=disagree and 4.5 or great =strongly disagree.

##### ***4.2.2.1. Attitude of employees towards standard setting***

Setting standard before the start of any appraisal period is beneficial to both the organization and the employees. For the organization it will be used as a yardstick against which the performance of employees will be compared at the end of the rating period; and for the employee it avoids role ambiguity and confusion. In this respect about 56.25% of the respondents disagree and strongly disagree about the practice of setting standard before the beginning of a rating period. An interview conducted with two members of senior management of the company revealed the absence of standard setting. The individuals further commented that employees are expected to perform according to their job description and said that there exists jobs without job description which makes it difficult to rate the performance of employees working on such kind of positions.

Concerning explaining expectations to employees, only 28.75 % of the respondents were within the range of agreement and the majority of respondents (51.25%) were in the range of disagreement. The remaining 20% were indifferent about the question. For the question concerning whether the rater explains expectation regularly or not, again a significant large no of respondents were within the range of disagreement (table 3). This signifies those who

disagreed that raters explain expectations to rates also disagreed about the regularity of the activity and this holds true for the rest of the scales.

Performance appraisal as one of the most critical activity in the organization and its acceptance by all parties involved is a key factor. Various researches concluded that one way of ensuring employees positive attitude towards the system and acceptance of the rating result is through involving employees in setting the standard against which they are going to be rated.

In this regard respondent were asked whether the organization gave them an opportunity to understood the purpose and objectives of setting the standard or not and the responses that signifies a disagreement (61.25%), those disagree and strongly disagree), with the highest mean (3.42) than the other variables in this category (table 4).

*Table 3. Attitude of standard setting process*

	Standard Setting at the beginning		Rater explains expectation to ratee		Rater explain expectation regularly		Employees understood the objective and purpose of setting standards	
	Count	%	Count	%	Count	%	Count	%
Strongly Agree	9	11.25	8	10	7	8.75	6	7.5
Agree	15	18.75	15	18.75	13	16.25	15	18.75
Neither Agree nor Disagree	11	13.75	16	20	21	26.25	10	12.5
Disagree	33	41.25	32	40	28	35	37	46.25
Strongly Disagree	12	15	9	11.25	11	13.75	12	15

*Table 4. Descriptive statistics of items that measure attitude of standard setting process*

	N	Minimum	Maximum	Mean	Std. deviation
Standard setting at the beginning	80	1	5	3.30	1.25
Rater explains expectations to ratee	80	1	5	3.26	1.15
Rater explain expectations regularly	80	1	5	3.28	1.16
Employee participation in setting the standard	80	1	5	3.42	1.17

**4.2.2.2. Attitude of Employees towards Appraisal Instrument and its Content**

The other factor that determines the effectiveness of performance appraisal is the appraisal instrument used and its content. An interview conducted with the members of senior management and the document review revealed the fact that the instrument used by the organization is inappropriate and lacks the quality of rating the real performance of individuals. The major problem of instrument is that the factors that are used in the form are too general and the standards are vague. In the form factors like job knowledge, work quality, cooperation, absenteeism, and initiative are included and these factors may not be sufficient to rate the performance of individuals. The other problem with the instrument is the uniform usage of the form without taking in to account differences among different jobs and positions. Even if there are three forms used by the company, the factors are more or less the same.

The appraisal instrument used by ZTE is Graphic Rating scale (GRS) and has all the drawbacks of GRS. One of the member of senior management strongly commented about the difficulty of the organization to base most of Human Resource decision like salary increment, promotion, transfer, and the like on the basis of the result of performance appraisal.

According to him the method applied by the organization is not capable of differentiating the good performers from the poor ones Respondents were asked to opine about the relationship between their job and the factors with which their performance is measured and the majority



of the respondents (53.75%) were in the range of disagreement, 16.25% indifferent, and 30% were in the range of agreement.

Respondents were also asked whether or not the factors in the form have a relationship with the core activity that they carry out, more or less the same response was obtained (table 5). The mean values of the two variables were tilted towards negative response, i.e. 3.29 and 3.26 for the two variables respectively (table 6)

The correlation between the two variables: Performance expectation related to job and Performance expectation related to core activity, was 0.954 (see table 7). This shows a very strong correlation among the two variables and those respondents who were on the side of disagreement about a positive relationship between performance expectations and their job also either disagree or strongly disagree about a positive relation between the performance expectations and the core activities they perform.

*Table 5. Attitude of the appraisal instrument and its content*

	Per. expectation related to job		Per. expectation related core activity	
	Count	%	Count	%
Strongly Agree	9	11.25	9	11.25
Agree	15	18.75	15	18.75
Neither Agree nor Disagree	13	16.25	13	16.25
Disagree	32	40	34	42.5
Strongly Disagree	11	13.75	9	11.25

*Table 6. Descriptive statistics of items that measure attitude of the appraisal instrument and its content*

	N	Minimum	Maximum	Mean	St. Deviation
Performance expectation related to job	80	1	5	3.29	1.24
Performance expectation related to core activity	80	1	5	3.26	1.19

*Table 7. Correlation between Variables Performance expectations related to job versus core activity*

		Per. expectations related to job	Per. expectations related to core activity
Per. expectations related to job	Correlation coefficient	1.000	.945
Per. expectations related to core activity	Correlation coefficient	.945	1.000
	N	80	80

#### **4.2.3. Participation level of employees in the performance appraisal process**

Concerning the participation level of employees in the performance appraisal process almost all 70 (87.5%) of the respondents at least revealed that the performance appraisal procedure and process doesn't give the opportunity to employees to participate in the planning phase and throughout the performance appraisal process. In the same way, 70 (87.5%) of the respondents' at least disagreed with the statement "Individual employees negotiate on the performance standard set by their managers/supervisors". From the above statements response data, it is also possible to infer that the performance appraisal procedure and process doesn't give the

opportunity to participate in the planning phase and employees are not invited to discuss on the past objectives met and not met and on the future objectives. Besides individual employees have no right in negotiating on the performance standards set by their managers/supervisors. Employees are not encouraged to participate in setting standards/criteria. This was also proved from the interview conducted with HRD head of the company, confirmed that employee involvement in the setting of the criteria is absent from the system. The finding also revealed that 66 (70.0%) of the respondents at least disagreed to the statement “The performance appraisal standards /criteria are relevant with the job description of the individual employees”, only 14 (17.5%) agreed. From the data, it is also possible to infer that the majority of the respondents argue on the idea “performance appraisal standards/criteria are relevant with the job description of the individual employees”. Considering the company in this research, they are using the same format to evaluate staffs at different professional levels even if their responsibility and attachment with employees are different. So the appraisal results mostly are vague and not clear.

In addition, to the statement “The assessment tools are structured with clear explanations about the criteria to be assessed, and performance standards”, 30 (37.5%) of the respondents at least disagreed and only 19 (23.75%) of the respondents agreed. The issue here is that least of the respondents 31 (38.5%) were neutral in giving the response. Even if the clarity of appraisal criteria is very important for successful appraisal, from the data, it is possible to infer that the majority of the respondents disagreed or have no information about the performance criteria/standards. This is linked with HRD. The HRD’s effort in giving orientation and training on the overall process and the tools used seems to be minimal.

*Table 8. Summary of items that measure attitude of respondents in employee's participation on performance appraisal process*

	Given the opportunity to employees to participate in the planning		Negotiate on the performance standard set by their managers/ supervisor		Appraisal standards /criteria are relevant with the job description		The assessment tools are structured with clear explanations	
	Count	%	Count	%	Count	%	Count	%
Strongly Agree	-	-	-	-	2	2.5	-	-
agree	5	6.25	5	6.25	12	15	19	23.75
Neither Agree nor Disagree	5	6.25	5	6.25	10	12.5	31	38.75
Disagree	48	60	40	50	40	50	22	27.5
Strongly Disagree	22	27.5	30	37.5	16	20	8	10
<b>Total</b>	<b>80</b>	<b>100</b>	<b>80</b>	<b>100</b>	<b>80</b>	<b>100</b>	<b>80</b>	<b>100</b>

#### ***4.2.3.1. Attitude of Employees towards Raters***

No matter how accurate the instrument used in rating the performance of employees, there must be qualified raters with the necessary knowledge, skill and experience in relation to rating the performance of employees. Raters' qualification and ability of accurately rating the performance of employees in the organization is one of the major factors determining the attitude and satisfaction of employees towards the performance appraisal system.

From the result of the interview it is the immediate supervisors, section heads, department heads, deputy managers, and managers who are responsible to rate the performance of the employees of the company. According to one of the members of management team of the company, employees of the organization complain whenever they are rated by other individuals than their immediate supervisor because of the fact that immediate supervisors have better exposure to the performance of the subordinates than say for instance managers.

Another member of the management team of the company on his part commented that raters found outside Administration and Human Resource Department do not give a due attention for performance appraisal and its process due to lack of knowledge of the consequences of the result of their action and the implication of performance appraisal results. Lack of training, in how to conduct performance rating of employee, by the organization to raters is another factor contributing to raters' problems.

Leniency problem is also the other major problem cited by the interviewees. Since the salary increment is associated with performance evaluation, raters tend to give high rating to their subordinates to avoid confrontation and there is also a tendency by raters to be liked by their subordinates by giving high rating. Lastly, raters most of the time favor their relatives and those employees they like for any reason (e.g., same age, race, gender, value, religion, etc.). Five questions were asked in relation to the rater aspect of performance appraisal system. As indicated in table 9, equal number of employees (26.25%) were in the category of 'Agree' and 'Neither Agree nor Disagree' about the assignment of qualified raters to rate their performance. 30 % of the respondents responded negatively towards the assignment of qualified raters.

'Rater understands the job requirements and difficulty' is the factor with a relatively large number of respondents with a negative response (32.5%), having the largest mean value (2.92) compared to the other variables (table 10), as indicted in table 4.13. 40% of the respondents positively responded about raters knowledge of their job; 27.5% of the respondents were indifferent and the remaining 32.5% were negatively responded.

Concerning raters' knowledge of rating procedures and format, 31.25% of the respondents were neutral, 40% responded that raters have knowledge of rating procedures of the organization and the format used in performance rating, and the remaining 28.75% of the respondents responded negatively.

Whether or not raters are equipped with the necessary skills and experience in how to rate their subordinates, (27.5%) were indifferent, 40% of the respondents positively responded to the question, and the remaining 32.5% of the respondents reacted negatively (table 9).

Table 9. Attitude of raters

	Org. assign qualified raters		Rater knows what the rate is doing		Rater understands the Job req. and difficulty		Rater's knowledge of rating procedures and format		Rater knows how to evaluate	
	Count	%	Count	%	Count	%	Count	%	Count	%
Strongly agree	14	17.5	10	12.5	9	11.25	10	12.25	12	15
Agree	21	26.25	24	30	23	28.75	22	27.75	20	25
Neither agree or disagree	21	26.25	22	27.5	22	27.5	25	31.25	22	27.5
Disagree	13	16.25	14	17.5	17	21.25	15	18.75	17	21.25
Strongly Disagree	11	13.75	10	12.5	9	11.25	8	10	9	11.25

Table 10. Descriptive Statistics of items that measure attitude of raters

	N	Minimum	Maximum	Mean	Std. Deviation
Org. assign qualified raters	80	1	5	2.77	1.24
Rater knows what the rate is doing	80	1	5	2.83	1.137
Rater understands the job req. and difficulty	80	1	5	2.90	1.100
Rater's knowledge of rating procedures and format	80	1	5	2.92	1.078
Rater knows how to evaluate	80	1	5	2.85	2.85

#### 4.2.3.2. Attitude of Employees towards Accuracy of Rating

To measure the overall accuracy of rating process of performance appraisal, two questions were forwarded to the target group and their response is summarized in table 11. The first

question that participants were asked was whether or not the performance rating is related to what they do for the organization and the vast majority of respondents (58.75%) responded negatively with a mean value of 3.52 (see table 12) signifying the negative reaction of respondents to this particular variable. For the second question, which is about whether or not the employees rating reflects the amount of work and the challenge they face while performing their assigned duties, more than half (57.5%) responded negatively, 16.25% were indifferent, and the remaining 26.25% were positive.

*Table 2. Attitude of accuracy of rating*

	Rating related to the work of rate		Rating reflects the amount of work of rate	
	Count	%	Count	%
Strongly Agree	8	10	9	11.25
Agree	11	13.75	12	15
Neither agree or Disagree	14	17.5	13	16.25
Disagree	36	45	29	36.25
Strongly Disagree	11	13.75	17	21.25

*Table 12. Descriptive Statistics of items that measure attitude of accuracy of rating*

	N	Minimum	Maximum	Mean	Std. Deviation
Rating related to the work of rate	80	1	5	3.52	1.066
Rating reflects the amount of work of rate	80	1	5	3.35	1.147
Valid N (list-wise)	80				

In summary, so far we have seen that varying perception of employees towards some aspects of the performance rating process. In some cases most of the respondents negatively reacted (e.g. standard setting, rating instrument used), whereas in the case of raters accuracy most of the respondents reacted either positively or indifferent.

To look in to the overall attitude of employees towards the performance rating process, their perception was measured by using the scale ‘I am satisfied with the way the PA system is used to evaluate and rate my performance’, and their responses are summarized in the table below.

*Table 13. Attitude towards overall rating process*

	Satisfaction with rating process	
	Count	%
Strongly agree	5	6.25
Agree	6	7.5
Neither agree or disagree	23	28.75
Disagree	35	43.75
Strongly disagree	11	13.75

*Table 14. Descriptive statistics of attitude of overall rating process*

	N	Minimum	Maximum	Mean	Std. Deviation
Satisfaction with rating process	80	1	5	3.68	.792
Valid N (list-wise )	80				

Most of the respondents (n=46, 57.5%) were not satisfied with the performance rating process, 23 (28.75%) of the respondents were neutral, and 11(13.75%) of respondents had positive attitude towards the performance rating of their organization (table 13). A mean value of 3.68



(table 14) indicates the negative reaction of respondents to the performance rating aspect of performance appraisal.

#### **4.2.4. Attitude of Employees towards the Feedback aspect of Performance Appraisal**

##### ***4.2.4.1. Attitude of Employees towards Providing Feedback***

Respondents opted to be indifferent, and the remaining insignificant portion (17.5%) of the respondents said there is no feedback process. Even if most of the respondents agreed about the existence of feedback process, more than half (52.5%) of them said that feedback is not provided regularly. 22.5% of the respondents agreed about the frequent provision of feedback and the rest (25%) were neutral (table 15).

To see if feedback provided for employees has a relationship with the job they are doing in the organization, a 'My rater/organization gives me feedback that is important to the things I do at work' scale was used and 47.5% of the respondent said that the feedback they receive is not related to the work they are performing in the organization, 23.75 of the respondent were indifferent, the remaining 28.75% reacted positively (table 15).

To see the correlation between this scale and 'The PAP makes sure that my performance expectations measure what I really do for the organization' scale, correlation coefficient was applied. The result showed a significant correlation exists between the two variables with a correlation coefficient of 4.13 indicating that those who disagree or strongly disagree on the first variable also did the same on the second one (see table 17).

To look in to whether or not rater and ratee review the appraisal result, most of the respondents (n=41, 51.25%) agreed with the existence of review of their performance with the rater, whereas 21 (26.25%) disagree, and the remaining 18 (22.5%) of the respondents were neutral (table 15).

Table 15. Attitude of Employees towards feedback

	Providing feedback		Providing feedback regularly		Rater provide feedback that is related to job		Rater and rate review performance progress	
	Count	%	Count	%	Count	%	Count	%
Strongly agree	10	12.5	7	8.75	7	8.75	10	12.5
Agree	36	45	11	13.75	16	20	31	38.75
Neither agree or disagree	20	25	20	25	19	23.75	18	22.5
Disagree	9	11.25	26	32.5	20	25	15	18.75
Strongly Disagree	5	6.25	16	20	18	22.5	6	7.5

Table 3. Descriptive statistics of items that measure attitude of feedback

	N	Minimum	Maximum	Mean	Std. Deviation
Providing feedback	80	1	5	2.38	.846
Providing feedback regularly	80	1	5	3.42	1.030
Rater provide feedback that is related to job	80	1	5	3.33	1.188
Rater and rate review performance progress	80	1	5	2.60	1.012
Valid N (list-wise )	80				

*Table 4. Correlation between performance expectation related to job versus rater provide feedback related to job*

		<b>Per. expectations related to job</b>	<b>Rater provide feedback that is related to job</b>
<b>Per. expectations related to job</b>	<b>Correlation coefficient</b>	1.000	.413
<b>Rater provide feedback that is related to job</b>	<b>Correlation coefficient</b>	.413	1.000
	N	80	80

#### ***4.2.4.2. Attitude of Employees towards Explaining Rating Decision***

Providing feedback to employees by itself cannot ensure satisfaction and positive attitude of employees towards feedback process. Past research findings strongly suggest feedback discussion to be applied by organizations. Feedback discussion reduces the ambiguity surrounding appraisal result and increase employees' acceptance of their performance result.

To this end participants were asked two questions. The first question was aimed at whether or not the rater/organization explains rating decisions and 35(43.75%) of the respondents were positive about it, 21(26.25%) respondents were indifferent and the remaining 24(30%) responded negatively (see table 18). 'My rater lets me ask him or her questions about my performance rating' was the scale used to identify whether or not the rater entertains questions of employees related to their performance rating and 40(50 %) of the respondents agreed, 21(26.25%) were neutral and the remaining 19(23.75%) responded negatively (table 18).

Correlation coefficient showed a significant correlation (.498) between the above two variables (see table 20).

After the end of any performance appraisal period the rater/organization shall suggest ways that employees can employ to improve their performance particularly those performed below the standard. In this regard for the scale 'My rater helps me understand what I need to do to improve

my performance’ the majority of respondents (n=32, 40%) said that they had no help from their rater concerning how to improve their performance, 27(33.75%) responded positively and the remaining 21(26.25%) were neutral (table 18).

Lastly, employees need to know how their performance is being measured: the method applied, the factors considered and the like. In this respect for the scale ‘My rater/organization helps me to understand the process used to evaluate and rate my performance’, the majority (n=41, 51.25%) of the respondents denied any explanation from either the organization or rater regarding the process that is used to measure their performance, 20(25%) were neutral and 19(23.75%) were positive (see table 18). The mean value of this scale was the maximum (3.35) indicating the negative reaction of respondents to this particular variable compared to the other variables in the category (table 19).

*Table 18. Attitude of accuracy of rating of the raters*

	Rater helps rate to understand the process of PA		Rater explain decisions that concern rates		Rater entertain questions related to rating results		Rater shows ways to improve performance	
	Count	%	Count	%	Count	%	Count	%
Strongly agree	6	7.5	8	10	11	13.75	9	11.25
Agree	13	16.26	27	33.75	29	36.25	18	22.5
Neither agree or disagree	20	25	21	26.25	21	26.25	21	26.25
Disagree	28	35	15	18.75	12	15	24	30
Strongly Disagree	13	16.25	9	11.25	7	8.75	8	10

Table 19. Descriptive statistics of items that measure attitude of accuracy of rating of the raters

	N	Minimum	Maximum	Mean	Std. Deviation
Rater helps rate to understand the process of PA	80	1	5	3.35	.988
Rater explain decisions that concern rates	80	1	5	2.83	1.076
Rater entertain questions related to rating results	80	1	5	2.58	1.030
Rater shows ways to improve performance	80	1	5	3.07	1.087
Valid N (list-wise )	80				

Table 20. Correlation between 'rater explain rating decision 'and 'Rater entertains questions related to rating results'

		rater explain rating decision	Rater entertains questions related to rating results
rater explain rating decision	Correlation coefficient	1.000	.489
Rater entertains questions related to rating results	Correlation coefficient	.489	1.000
	N	80	80

In summary, to see the overall attitude of employees towards feedback aspect of the performance appraisal process respondents answers were measured by using the scale 'I am satisfied with the feedback aspect of performance appraisal system' and the vast majority (n= 58, 72.5%) of

respondents were positively reacted, only 9 (11.25%) respondents responded negatively and the remaining 13(16.25%) were indifferent (table 21).

*Table 21. Attitude towards feedback process*

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly Agree	23	28.75	28.75	28.75
	Agree	35	43.75	43.75	72.5
	Neither agree or disagree	13	16.25	16.25	88.75
	Disagree	9	11.25	11.25	100
	Total	80	100	100	

#### **4.2.5. Attitude of Employees towards the Appeal Process**

After rating and communicating the result of the performance of employees, employees might not be happy with the result they obtained. Whenever such a situation prevails a method through which they can appeal their reservation should be there. According to two members of the management team of the company, whenever anyone has a reservation about the performance rating result, he/she can demand an explanation from his/her immediate supervisor and if there is no solution at this stage the matter will be taken to the Administration and Human Resource Department and an independent ad hoc committee will be formed to sort out the case.

From table 22, we can see that most of the respondents (n=44, 55%) said that an appeal procedure is there, 16(20%) of the respondents were indifferent, and 20(25%) either disagree or strongly disagree about the availability of an appeal procedure in the organization.

Certain systems even if they are on the paper, they might not be working properly and to see whether or not an appeal procedure in ZTE is working or not, respondents were asked questions aimed at evaluating the appeal aspect of performance appraisal process. The first question was aimed at if at all there is an opportunity for employees to challenge the result they perceive as

unfair. The higher percentage (n=46, 57.5%) of the respondents claimed that they can challenge their performance rating result, 17(21.25%) were neutral and the remaining small percentage 17(21.25%) of the respondents were negative (table 22). Respondents were also asked whether they are free to communicate their disagreement or not, more or less the same response were obtained.

To look in to the possibility of change of performance rating result with justification, the scale ‘My performance rating can be changed if I can show that it is incorrect or unfair’ was used to see their view. In this regard 41(51.25%) of the respondents agreed, 18(22.5%) were indifferent and the remaining 21(26.25%) were on the opposition end (table 22).

From all the variables in this category it is ‘possibility of rating change if it is unfair’ with the highest mean value (2.6) (see table 23). This suggests that even if employees know that they can appeal and challenge the performance rating they think unfair, they are not that much confident about the change.

*Table 22. Attitude of Employees towards the Appeal Process*

	There is a way to appeal		Raters challenge unfair rating		The possibility of rating change if it is unfair		Ratee's free to comm. their disagree	
	Count	%	Count	%	Count	%	Count	%
Strongly agree	16	20	16	20	14	17.5	17	21.25
Agree	28	35	30	37.5	27	33.75	33	41.25
Neither agree or disagree	16	20	17	21.25	18	22.5	14	17.51
Disagree	14	17.5	11	13.75	11	13.75	10	12.5
Strongly Disagree	6	7.5	6	7.5	10	12.5	6	7.5

Table 23. Descriptive statistics of items that measure attitude of appeal process

	N	Minimum	Maximum	Mean	Std. Deviation
There is a way to appeal	80	1	5	2.43	1.095
Raters challenge unfair rating	80	1	5	2.35	1.039
The possibility of rating change if it is unfair	80	1	5	2.60	1.196
Ratee's free to comm. their disagree	80	1	5	2.25	1.019
Valid N (list-wise )	80				

In summary, respondents' attitude about the appeal procedure employed by the organization was measured by using the scale 'I am satisfied with the appeal process of the performance appraisal system', and the vast majority of respondents (n=57, 71.25%) said that they are satisfied with the appeal procedure, 16(20%) were indifferent, and only 7(8.75%) were negatively responded (table 24). It showed a positive attitude and reaction of employees towards the appeal process.

Table 24. Attitude of overall appeal process

	Satisfaction with appeal process	
	Count	%
Strongly agree	18	22.5
Agree	39	48.75
Neither agree or disagree	16	20
Disagree	7	8.75



## CHAPTER FIVE

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of the study, the following conclusions, implications and recommendations are presented.

#### 5.1. Summary of Findings

- Respondents perceived the performance appraisal system not being able to measure their true performance .
- Respondents perceived the overall performance rating process negatively (mean 3.68), but their perception vary among the different aspect of performance rating process.
- Standard setting aspect- respondents reacted to all the items negatively in this with mean value of 3.42.
- Almost all the respondents in the study and those interviewed confirmed that employees did not participate in the planning phase and throughout the performance appraisal process.
- Besides they agree that individual employees did not negotiate on the performance standards set on the format. The great number of respondents agreed that the performance appraisal standards /criteria are not relevant with the job description of the individual employees and the assessment tools are not structured with clear explanations about the criteria to be assessed.
- They are not assessed appropriately against their job descriptions and individual employees have no right to negotiate on the performance standard set by their managers/supervisors.
- Rating instrument and its content- respondents perceived the appraisal instrument inappropriate and the content of the instrument irrelevant. The mean value of the two items in this category namely Performance expectation related to job and Performance expectation related to core activity were 3.29 and 3.26 respectively.
- Rater- to the rater aspect of performance rating, respondents were a bit positive to almost all items in the category. The mean of all the five items were between 2.77 - 2.92.

- Accuracy of rating- respondents reacted with strong disagreement to both the items in this category i.e. Rating related to the work of rater (mean=3.52) and Rating reflects the amount of work of rater (mean=3.35).
- The perception of respondents to the feedback aspect of performance appraisal was positive (28.75% in the strongly agreed and 43.75% agreed). The mean value (1.98) of the overall satisfaction with feedback backs the positive reaction of employees towards feedback.
- Providing feedback-respondents were positive particularly to the item 'My rater/organization lets me know how I am doing (mean=2.38)' and showed negative response to items 'My rater/organization gives me feedback regularly (mean=3.42)' and 'My rater/organization routinely gives me feedback that is important to the things I do at work (mean=3.33)'.
- Appraisal discussion- Respondents were not happy about the appraisal discussion particularly to items 'My rater/organization helps me to understand the process used to evaluate and rate my performance(mean=3.35)' and 'My rater helps me understand what I need to do to improve my performance (mean=3.07)'. Respondents were particularly agreed that the raters allow questions related to performance rating.
- Respondents were satisfied with the appeal procedure of the organization by responding positively to almost all the items in this category. All the items were in the 'agree' (see table 4.26) category except the item 'My performance rating can be changed if I can show that it is incorrect or unfair (mean=2.6)' in which they were a bit indifferent.

## 5.2. Conclusions

The main conclusion of this research is that there is a general doubt among employees that the existing performance appraisal system does not measure their true job performance. The research found out that there are several factors that contribute to this perception. One of the main reasons is the absence of standard setting and communication of expectations prior to the appraisal process. Equally important is also the absence of employee participation mechanisms during the appraisal planning phase. The research also found out that non-participation of appraisees in the planning phase and throughout the performance appraisal process creates problem at the time of

the appraisal. Appraises will not feel a sense of belongingness that is one of the key ingredients to achieving their performance.

There is a general feeling among employees that the existing performance appraisal instrument used by the ZTE is not capable of measuring the job related behavior of an employee. This is expressed through employees mistrust or lack of confidence about their appraisers. And when employees receive the results of their performance evaluation, the majority feels that it does not reflect their true performance. The research concluded that the performance evaluation results often lack reliability and quite often, even the company is reluctant to use it for decision making like in human resource decision areas like salary increment, promotion, training need identification and etc.

The existing feedback process lacks regularity and is not related to what employees are actually doing for the organization. Even though there is a peer review mechanisms, the appraisers often fail to explain and provide a clear standard how the performance is measured and this in effect does not contribute to performance enhancement measures. However, this research revealed that the existing appeal procedures work to the satisfaction of the employees. The reason might be that the management are keen and concerned to the effects of the performance appraisal has to the employees commitment to the organization

### **5.3. Recommendations**

- i. In light of the above conclusions the following recommendations are forwarded Standard against which the performance of employees is going to be measured must be set and should be communicated so that employees might know what is expected of them and raters know what factors they need to take in to account when they rate the performance of their subordinates. If there is a job description for each position, the responsibilities listed in these documents can serve as good starting points for the review. If job descriptions are not available, the evaluation form should provide space for the manager to list the most critical elements of successful performance of the individual job.

- ii. The rating instrument that is being used by the organization requires major intervention. Since the scales in the form are too general and lack work relatedness, it is worth to adjust the instrument and its content in such a way that it reflects the work related behavior of employees. There is also a need to customize the rating instrument by considering the difference among jobs and positions in the organization.
- iii. The PAS of ZTE should provide the opportunity for the raters and ratee's to jointly develop a plan for future performance. This may include further education for the employee to improve his/her skills or acquire new ones, or opportunities for the employee to take on new responsibilities during the coming appraisal period.
- iv. ZTE needs to train its raters to enhance their knowledge and experience in performance rating aspect. Training will help the raters to understand the true implication of performance appraisal and it also helps to reduce errors that raters commit while rating the performance of their subordinates. To ensure the rating accuracy, ZTE needs to rate the performance of its employees on regular basis at least twice a year.
- v. ZTE needs to communicate the result of their appraisal to employees on a regular basis so that employees can improve their performance. The appraisal discussion should be an interactive process, giving the ratee the chance to participate, ask questions, respond to feedback, and offer suggestions for further career development. The ratee may not always agree with all comments in the review, but should be given the opportunity to express concerns and request clarification
- vi. Both appraiser & appraisee should sit together and set realistic targets that can be achievable and the performance appraisal criteria/standards should be clear, agreed by both the appraiser and appraisee's, and based on the company objectives and targets. Performance appraisals need to be planned properly by both parties with due consideration.
- vii. Training must be given to those individuals that conduct appraisal discussion so that they can communicate with the ratee's in the most constructive way. There is also a need to give training to employees so that they can understand the different facets of the system.

- viii. Raters must be oriented and if necessary trained so that they can suggest how rates can improve their performance whenever ratee's are not doing well.
- ix. The management of ZTE needs to give a due attention to performance appraisal and an appropriate policy and procedure must be formulated. While doing so, legal cases should be taken in to account.
- x. Of course, the formal review is not meant to take the place of valuable, informal communications between evaluation periods conveying constructive criticism or praise for a job well done. Ideally, there should be constant communication regarding employee performance. And there are certain instances in which it is strongly advisable to give the employee immediate feedback rather than waiting for the annual review date. If the employee is falling severely short of the standards for satisfactory performance of his job responsibilities, committing serious breaches of company policies, such as excessive unexcused absences or tardiness, or engaging in behavior that is disruptive to other employees, it is prudent to address these issues immediately and take the appropriate disciplinary or rehabilitative action if the situation is not corrected.
- xi. Even the most well designed performance appraisal system is worthless unless the company is committed to ensuring that it is used properly and consistently. ZTE and, specifically, its human resources department must take an active role in the process, encouraging managers to conduct timely and accurate appraisals, reviewing individual performance evaluations in advance and working with the manager to revise the appraisal as necessary. If a manager is reluctant to bring up negatives with the employee, the human resources department can conduct workshops or provide individual coaching on techniques for providing constructive criticism. The manager should come to understand that providing accurate and constructive employee feedback is an organizational priority, and an important criterion of acceptable performance as a manager.

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## ANNEXES

### QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF ZTE (H.K) LIMITED ETHIOPIAN BRANCH

**St. Mary's university**

**Department of Human Resource Management (MBA Program)**

Dear Sir/Madam,

I am a prospective graduating student of MBA at St. Mary's University, Department of Human Resources Management. I would like to express my earnest appreciation for your time, honest and prompt response.

I am conducting a research on "Assessment of Employees attitude towards Performance Appraisal practices with special focus on ZTE (H.K) Limited Ethiopian Branch" meant to address the research question "What is the current Performance Appraisal Practice of ZTE?" Your participation in this survey is very critical for addressing the research question. Therefore, I kindly request you to provide reliable information with greatest clarity and sincerity. I would like to assure you that all information you provide will be used only for research purpose and all responses will be kept in **STRICT CONFIDENTIALITY**.

The questionnaire will take approximately 10-15 minutes. Should you have any questions about this survey, please feel free to contact me at +251-912-061-187 or via my email address: [meskeremtadesse19@gmail.com](mailto:meskeremtadesse19@gmail.com).

With best regards,

Meskerem Tadesse

MBA Student, St. Marry University

#### Directions

- ✓ No need to write your name
- ✓ Please tick (✓) in the appropriate box
- ✓ Please answer every item

✓For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

**Part I: Personal Data**

1. Sex:

Male  Female

2. Age category?

20-29  40-49   
30-39  49+

3. Your current highest level of Educational Qualification?

High school	<input type="checkbox"/>	Technical School Graduate	<input type="checkbox"/>
College Diploma	<input type="checkbox"/>	BA/BSc Degree	<input type="checkbox"/>
Masters Degree	<input type="checkbox"/>	PHD	<input type="checkbox"/>

4. How long have you been with ZTE (H.K) Limited Ethiopian Branch?

Below 5 years	<input type="checkbox"/>	6-10 years	<input type="checkbox"/>
11- 15 years	<input type="checkbox"/>	16 years and above	<input type="checkbox"/>

5. Which department do you work with?

After Sales	<input type="checkbox"/>	Sales	<input type="checkbox"/>	Marketing	<input type="checkbox"/>
Finance	<input type="checkbox"/>	Operations Admin. & HR	<input type="checkbox"/>	Pre sales	<input type="checkbox"/>

6. Which Grade level are you working?

Grade 4  Grade 5  Grade 6  Grade 7

**Part. 2. OPINION SURVEY ON EMPLOYEE PERFORMANCE APPRAISAL PRACTICE**

Please indicate the extent to which you agree with the following statements by putting  $\surd$  in the space provided.

1. Is there a formal performance appraisal system in your organization

Yes  No  I do not know

1= Strongly Agree 2=Agree 3 = Undecided 4= Disagree 5=Strongly Disagree

**I. Questions related to employees' attitude towards the current performance appraisal**

	1	2	3	4	5
The performance appraisal process requires that performance expectations be set for me at the start of a rating period					
My rater clearly explains to me what he or she expects for my performance					
My rater regularly explains to me what he or she expects of my performance					
The PAP allows me to help set the performance standards that my supervisor will use to rate my performance					

**Questions related to employee's participation in performance appraisal process**

	1	2	3	4	5
The performance appraisal procedure and process gives me the opportunity to participate in the planning phase and					

throughout the performance appraisal process					
I negotiate on the performance standard set on the format					
The performance appraisal standards /criteria are relevant with the job description give to me					
The assessment tools are structured with clear explanations about the criteria to be assessed, and performance standards					

**II. Questions related to Rater confidence**

	1	2	3	4	5
My organization makes sure that I am assigned a rater who is qualified to evaluate my work					
My organization ensures that I am assigned a rater who knows what I am supposed to be doing					
My organization makes sure that my rater understands the requirements and difficulties of my work					
My organization makes sure that my rater understands the PAP rating procedures and rating format.					
My organization makes sure that I am assigned a rater that knows how to evaluate my performance					

**III. Questions related to the appraisal format and its content**

	1	2	3	4	5
The PAP makes sure that my performance expectations measure what I really do for the organization					
The expectations set reflect the most important factors in my job					

**IV. Questions related with providing feedback**

	1	2	3	4	5
My rater/organization lets me know how I am doing					
My rater/organization gives me feedback regularly					
My rater/organization routinely gives me feedback that is important to the things I do at work					
My rater/organization reviews with me my progress towards my goals					

**V. Questions to evaluate the accuracy of rating**

	1	2	3	4	5
My performance rating is base on how well I do my work					
My performance rating reflects how much work I do					

**VI. Question about explaining rating decision**

	1	2	3	4	5
My rater/organization helps me to understand the process used to evaluate and rate my performance					
My rater takes the time to my rating result					
My rater lets me ask him or her questions about my performance rating					
My rater helps me understand what I need to do to improve my performance					

**VII. Question about Appeal procedure**

	1	2	3	4	5
I have ways to appeal a performance rating that I think is biased or inaccurate					
I can challenge a performance rating if I think it is unfair					
My performance rating can be changed if I can show that it is incorrect or unfair					
I am comfortable in communicating my feelings of disagreement about my rating to my supervisor					

**Part III** –if you would like to add any comments about your answers, or the PA system , please would you write them below.

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## **INTERVIEW QUESTIONS**

1. How do you conduct a formal performance appraisal in your organization?
2. How does your organization set a goal before starting any appraisal period?
3. How far are employees involved in the goal setting process?
4. Who rates the performance of employees?
5. How do you evaluate the raters' required knowledge, experience and training that is necessary to rate the performance of employees?
6. What techniques do your organizations use in performance appraisal?
7. Do you think the techniques applied are capable of accurately rating the performance of employees? If not, what solutions do you suggest?
8. How is the feedback process?
9. How is the procedure to appeal?
10. How far are you satisfied with the performance appraisal system of your organization?
11. Any additional comment?

ENDORSEMENT

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

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Advisor

St.Marry's University,Addis Ababa

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Signature

June,2017