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

# ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL PRACTICE:

# THE CASE OF CAMARA EDUCATION ETHIOPIA

**By**

**Bereket Alemayehu Endalew**

**July 2021**

**ADDIS ABABA, ETHIOPIA**

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

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**APPROVED BY BOARD OF EXAMINERS**

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# DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.


**Bereket Alemayehu**

     **Name**                               **Signature**


**St. Mary's University, Addis Ababa**           **July 2021**

# ENDORSEMENT

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


**Shoa Jemal (Asst. Prof)**                          _____

    **Advisor Name**                                    **Signature**


**St. Mary's University, Addis Ababa**              **July 2021**

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# ACRONYMS/ABBREVIATIONS

ACSO            Agency for Civil Society Organizations

HR              Human Resource

HRM             Human Resource Management

KPI             Key Performance Indicator

MoE             Ministry of Education

NGO             Non-Governmental Organization

PA              Performance Appraisal

PAS             Performance Appraisal System

PE              Performance Evaluation

SPSS            Statistical Package for Social Sciences

UK              United Kingdom

USA             United States of America

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# ABSTRACT

*The performance of employees is the heartbeat of any organization on achieving organizational goals. It is essential to measure employees' performance to achieve the target set. The performance appraisal process is one of the essential activities of the human resource department of any organization. This study tried to assess the performance appraisal practice of Camara Education Ethiopia which is an Irish-based non-governmental organization. In conducting this study, a descriptive research method was applied. This is because it allows describing the state of affairs as it exists at present. Both primary and secondary data were collected using guided interviews and questionnaires. Then SPSS was used as a tool for analyzing simple descriptive statistics such as frequency distribution and percentage. Based on the survey result. Camara Ethiopia has clearly communicated the performance appraisal criteria and gives employees the opportunity to evaluate their own performance. On the other hand, the performance appraisal practice is vulnerable to evaluator's errors and failure to use performance appraisal results for employee's carrier development and also for pay & promotion decisions. The other issue this research spotted out is the performance evaluation form used in Camara Ethiopia is not designed based on the employee's job characteristics. Based on these findings, the researcher recommends Camara Education Ethiopia to use performance appraisal results for pay & promotion decisions and employees' carrier development. The researcher also recommends the organization to improve the knowledge and skill of evaluators to avoid the errors made by them during evaluation.*

***Key Words****: Performance, Performance Appraisal, Human Resource Management, Organizational Goals*

# CHAPTER ONE
# INTRODUCTION

This chapter of the research is dedicated to giving an insight into the general objective of the study or the problem leading to the study, to review some literature about the problem and their deficiencies in addressing the problem at hand and asserting the significance and purpose of this particular study for Camara Education Ethiopia.

## 1.1. Background of the Study

In today's world stiff market competition race, no matter how any business venture or an organization has goodwill in the business environment, acquired advanced technology to deliver a quality service or a product, it is inevitable that Human Resources (HR) is the top priority and the most valuable resources of the organization. If the human aspect of the organization is neglected, it would be meaningless and bring a failure for the organization and will affect the overall company's performance and competitiveness.

A high-performing workforce is a heartbeat for any kind of organization whether it is governmental or non-governmental as it is a key for sustaining in the market. This energetic workforce can enhance the Key Performance Indicators (KPIs) of the organization and also the work relation. Moreover, a satisfied and motivated workforce can play a greater role in achieving the company's strategic goals. The working environment and the characteristics of the job have also an impact on the engagement of the employees (Sastry, 2014). Affirmative employee engagement can be associated with different factors like the ability to do a job autonomously, opportunities available for development, a variety of tasks, feedback on performance, and also the support from the different management positions. That is the reason behind the need for Human Resource Management (HRM) concept has emerged.

There are so many human resource management practices that enable an organization to meet its goals. Analyzing work and designing jobs, determining how many employees with specific knowledge and skills are needed, attracting potential employees, choosing employees, teaching employees how to perform their jobs and preparing them for the future, evaluating their performance, rewarding employees, and creating a positive work environment. An organization performs best when all of these practices are managed well. Companies tend to be more

innovative, have greater productivity and develop a more favorable reputation in the community (Noe et al, 2011).

Performance management is among the different HRM activities that measure and manages the performance of people within the approved frameworks of objectives and requirements in the organization. Performance Appraisal is a most important management tools that provide for the evaluation of the quality of an individual‟s performance in an organization. Performance appraisal system refer the time period in which to summarize the overall progress that an individuals or team has made as result of being coached and to agree on the new goals that should be set.

Performance appraisal system (PAS) is an important Human Resource Development (HRD) mechanism designed and utilized for the all round development and growth of employees as well as organizations. The information generated from such performance appraisal programs generally help the management to implement certain administrative and developmental decisions regarding selection, placement, promotion, rewards training and termination. Performance appraisals are important for staff motivation, attitude and behavior development, communicating organizational aims, and fostering positive relationships between management and staff (James and Manuel, 2009).

Performance Evaluation and Performance Appraisal (PA) is a formal system of periodic review and evaluation of an individual's job performance and it applicable in governmental, non-governmental, and private organizations. When it is properly conducted, PA provides feedback to employees so that will improve their performance and thus organizations also will benefit by ensuring that employees' effort and ability to contribute to organizational success (Mekonnen, 2016).

## 1.2.    Background of the Organization

Camara Education is a registered charity in Ireland, the USA, and the UK. Camara was founded in 2005 by Cormac Lynch in Dublin, Ireland and is dedicated to delivering real impact on education through technology. Camara Education has five hubs in Africa; Ethiopia, Kenya, Lesotho, Tanzania, and Zambia. Camara Education Ethiopia is a registered Non-Governmental Organization (NGO) under the Federal Agency for Civil Society Organizations (ACSO) with License number 1923. Since 2011, Camara Ethiopia is working with the Federal Ministry of Education (MoE) and has been committed to improving access to quality education through

technology in disadvantaged communities in Ethiopia and support the education sector in line with government strategies and policies.

So far Camara Ethiopia has supported more than 50,000 computers with potential educational resources installed on them and trained more than 13,000 school leaders and educators which affects more than 1 million learners using the cost-sharing method. Currently, Camara Ethiopia is in the third phase agreement with MoE with a plan to support 21,000 computers to 840 schools which will impact more than 500,000 learners.

What initiated for this study to be carried out in this organization is like the other ventures, this organization is composed of a workforce that needs to be motivated. Therefore, this study assessed the existing performance appraisal system including how it is conducted, the link between performance objectives and the organization's strategic objectives, the contribution of the performance appraisal for achieving the organizational goals of Camara Ethiopia. This study also identified the most common performance appraisal errors supervisors made and recommend possible improvement ideas that can enhance the existing performance appraisal system.

### 1.3. Definition of Terms

Operational definition of major terms under this study are listed as follows:

**Performance** – is how an employee fulfills their job duties and executes their required tasks. It refers to the effectiveness, quality, and efficiency of their output.

**Performance Appraisal (PA)** – also called Performance Evaluation which refers to all those procedures that are applied to evaluate the personality, the performance, and the potential of an individual and communicating the results for the purpose of achieving organizational goals, rewarding, and developing employees.

**Human Resource Management (HRM)** – is a management system to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

**Organizational Goals** – are strategically set objectives that outline expected results and guide employees' performance.

## 1.4.    Statement of the Problem

The performance of any organization largely depends on the performance of its employees and successful organizations are increasingly realizing that there are several factors that contribute to performance human resource being the most critical (Mello 2005). Organizational performance is the synergetic total of the performance of all employees in the organization. Because of that, employee performance has to be closely planned, coached, and appraised to ensure that it is in line with the interest of organizations.

High-quality human resources provide competitive advantages and development for their organization. Performance appraisal becomes more constructive and therefore the progress of the employees is improved (Rusli, 2007). With the achievement of the organization's vision and mission, employees can work together collaboratively with the organization itself based on a win-win basis.

Researchers explained problems of the performance appraisal system and practices in different ways but with the same issues. Elaine (2004) stated that managers are reluctant to provide frank feedback and have honest discussions with employees for fear of reprisal or damaging relationships with the very individuals they count on to get work done.

Camara Ethiopia has tried to practice an employee performance appraisal system since 2013. The purpose of performance appraisal is to engage employees for their job as a motivational tool, to identify the strengths and weaknesses of employees, to identify the training and development needs of the employee, and to ensure the achievement of organizational goals. This evaluation had been done twice a year as stated in the human resource manual (Camara Ethiopia, Human Resource Manual, 2013).

Based on the conducted preliminary survey, the appraisal system of the organization has been criticized by the employees for being subjective, having vague evaluation criteria, and also the evaluation process is unclear within all the employers and employees and this affects the employees' motivation and job satisfaction.

There are plenty of researches that have been conducted to assess the performance appraisal or evaluation practice in different organizations. However, there was no research done to assess

performance appraisal practice in Camara Education Ethiopia. Therefore this study assessed the performance appraisal practice of Camara Education Ethiopia.

## 1.5. Research Questions

The basic research questions of this study are:

Q1. What are the procedures of the performance appraisal practice of Camara Education?

Q2. Are employee performance objectives linked with Camara Education's strategic objective?

Q3. What are the contributions of performance appraisal towards achieving the business objectives of Camara Ethiopia?

Q4. What are the most common performance appraisal errors supervisors made in Camara Ethiopia?

## 1.6. Objectives of the Study

### 1.6.1. General Objective

The general objective of this study is to assess the existing performance evaluation/appraisal practice of Camara Education Ethiopia.

### 1.6.2. Specific Objectives

The specific objectives of this study are:

1. To know the procedures of performance appraisal practice of Camara Ethiopia.
2. To identify whether employee performance objectives are linked with Camara Ethiopia's strategic objective.
3. To describe the contribution of performance evaluation on achieving organizational goals of Camara Ethiopia.
4. To identify the most Common Performance Appraisal errors supervisors made in Camara Ethiopia

## 1.7. Significance of the Study

There are expected benefits from this study that would be significant for different stakeholders. For the employers, it would enable them to have an insight into what the status quo of their performance appraisal practice looked like and based on that it will help them to identify their gaps

so that they can make improvements. For the employees of the organization, it could aware them the advantages of performance appraisal for enhancing their career development. In addition to this, this study will let the employees understand the organization's current evaluation system and what is expected from them.

## 1.8.    Scope of the Study

Camara Ethiopia has different ongoing activities under their different departments. The Human Resource Department is focused on conducting and administering affairs related to employees of the organization.  Performance appraisal is one of the activities administered by the HR department of Camara Ethiopia. This study is focused on assessing the performance appraisal practice of Camara Ethiopia. Other human resource activities of the organization and other department activities will not be covered under this study. As Camara Education is an international NGO that has five operating hubs in Africa, this study is geographically focused only to the Ethiopian hub performance appraisal practice assessment.

## 1.9.    Limitation of the Study

During conducting this research, there were some limitations that affect the major one was restrictions following the COVID 19 pandemic. These restrictions made data collection more difficult and led to take longer time. The other limitation was the difficulty to get access to Camara Ethiopia's documents related to performance evaluation.

## 1.10.    Organization of the paper

This research paper is organized into five chapters. The first chapter describes the background of the study, definition of terms, statement of the problem, objectives of the study, and scope of the study. The second chapter deal with related literature reviews related to the performance evaluation process. Chapter three states the research methodology that has been implemented in this study. Chapter four analyses the findings of the collected data. The final chapter gives a summary, conclusions, and recommendations based on the findings.

# CHAPTER TWO

# REVIEW OF RELATED LITERATURE

The main purpose of this chapter is to give a theoretical and empirical understanding of the performance appraisal system and its problems. More specifically, it focuses on definitions, concepts, theoretical framework, purpose, importance, steps, methods, and challenges of performance appraisal practices.

## 2.1. Meaning and Definition of Performance

Performance is often defined simply in output terms – the achievement of quantified objectives. But performance is a matter not only of what people achieve. The Oxford English Dictionary confirms this by including the phrase "carrying out" in its definition of performance. The accomplishment, execution, carrying out working out of anything ordered or undertaken. High-performance results from appropriate behavior, especially discretionary behavior and the effective use of the required knowledge, skill, competence. Performance management must examine how results are attained because this provides the information necessary to consider what needs to be done to improve these results (Armstrong, 2006).

Performance means both behaviors and results. Behavior emanates from the performer and transforms performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right the product of mental and physical effort applied to tasks and can be judged from results (Armstrong, 2006).

The definition of performance leads to the conclusion that when managing performance both input (behavior) and output (results) need to be considered. It is not a question of simply considering the achievement of target, as used to happen in management by objectives schemes. Competency factors need to be included in the process. This is the so-called mixed model of performance management, which covers the achievement of expected levels of competence as well as objectives setting and review (Armstrong, 2006).

Job performance is a function of two different things: what the person accomplishes and how the person goes about doing the job. Probably all of us have encountered people who were excellent at one and fail at the other. For an organization to be successful, both behaviors and results are important (Grote, 2002).

## 2.2. Meaning and Definition of Performance Appraisal

Different scholars had given different definitions for the term performance appraisal. Aswathapa (2007), indicated that an individual performance evaluation that taken place in an organization is called Performance Appraisal (PA). PA can also be called employee rating, employee evaluation, performance review, performance evaluation, or results appraisal. Performance appraisal is a subset of the performance management system and defined performance management system as a chain of actions intended to ensure whether the organization is acquiring the performance it needs from its employees or not (Mathis and Jackson, 2010). Performance Appraisal is the process through which an individual employee's behavior and accomplishments for a fixed time period are measured and evaluated, normally including both the quantitative and qualitative aspects of job performance (Chowdhury, 2014).

Performance appraisal is a systematic evaluation of the performance of an employee by his/her superiors. Generally, an appraisal is made by the supervisor or manager once/twice a year, it is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards, and competency requirements (Joshi, 2013). Abraham (2020), discussed as performance appraisal is a way of assessing the quantitative and qualitative conduct of employees in the workplace. Joshi (2013), considered PA as a tool for distinguishing the differences between employees with respect to the job standards. PA can be used to measure employees' performance and prepare a platform for feedback about past, current, and future performance expectations (Mathis and Jackson, 2010).

Performance appraisal is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards, and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally. (Gachengo and Wekesa, 2017). As stated by (Batra, 2014), performance appraisal incorporates all formal procedures used to evaluate the personalities, contributions, and potentials of group members in an organization. It is a recurring process to secure information necessary for making correct and objective decisions on employees.

Aswathapa (2007), mentioned that there are many factors to be considered while conducting employees' performance evaluation like job knowledge, quality, and quantity of output, leadership

abilities, supervision, dependability, co-operation, judgment, etc. PA is mainly used for determining wages and salaries, to provide feedback, to identify the strengths and weakness, to ascertain the need for training and development, transfer, discharge, etc. (Aswathapa, 2007; Mathis and Jackson, 2010). Decenzo and Robbins (2010), had simply described the concept of PA as how well an employee performed with respect to the established goal of the firm.

### 2.3. Purpose and Use of Performance Appraisal

Performance appraisal is a vital component of a broader set of human resource practices in organizations. It is the mechanism for evaluating the extent to which each employee's day-to-day performance is linked to the goals established by the organization (Coutts and Schneider, 2004). It is a continuous process in which performance improves over time. It gives the basis for regular and repeated dialogues between supervisors and their subordinates about performance and development needs based on feedback and self-assessment. It is mainly concerned with individual performance but it can also be applied to teams.

Performance is the outcome of work but it has different dimensions based on different bases. To measure and control the individual performance and thus integrating it to the organizational objective to achieve expected results is certainly performance appraisal. The strategic goal of the organization depends on individual performance through the interaction between three interlinked levels namely Organizational, Process, and Job.

The administrative rationales exercised based on appraisal reports are salary administration, promotion, retention, or discharge. The evaluative purpose encompasses increment decisions, incentives, bonuses, and in long-term promotion decisions, identification of poor performers, determination of termination, lay-off, the development purpose of appraisal includes identification of strength and weaknesses and providing feedback, thus identifying the developmental need of individual, personnel research. Discussion about salaries, during appraisal sessions, contradicts and restrain the identification of developmental issues.

The criteria will help to find out the differences in job-role behavior among the employees and provide the basis for feedback. The criteria provide parameters on which employees' performance will be measured. The measurement of job performance provides the basis for effective job design and to identify training needs, and many other personnel-related actions and interventions.

Employee motivation and engagement have always been a major concern for the research. Scope for mutual goal setting, self-evaluation, multisource feedback, and motivates employees for better performance and improved productivity.

Performance appraisal is highly useful in decision-making regarding promotions and merit ratings. It also prevents grievances because it aids management in promoting employees fairly. If valid performance data in are available i.e. timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system (Joshi, 2013). Employees can generate long term plans and new ideas for improvement, the need for training and development can be identified, continuous improvement and success in the organization can be formed (Aswathapa, 2007).

Generally, we can categorize the most common purposes of performance appraisal into administrative and developmental uses.

The administrative uses help:

- To make decisions regarding salary, promotion/demotion, and transfer.
- To take disciplinary action.
- To know the level of achievement reached in comparison with the stated organizational goals.
- To decide expansion or downsizing.

The developmental uses help:

- To identify the strengths and weaknesses of an employee.
- To identify areas of change.
- To identify training and development needs.
- For coaching and career development planning.

## 2.4. Performance Appraisal Process

The performance appraisal process is construed as a function of 3 interacting systems: organizational context, the appraiser's information processing system, and the behavioral system

of the appraise (Ilgen and Feldman, 1983). In conducting the performance evaluation process, there are six commonly followed steps. These steps are discussed as follows:

**Step 1. Establish performance standards**: The appraisal starts by formulating performance standards i.e. what they expect from their employee in terms of outputs, accomplishments and skills. The standards set should be clear and objective enough to be understood and measured (Stredwick, 2005; Aswathapa, 2007; Decenzo and Robbins, 2010; Joshi, 2013; Abraham, 2020). According to (Leonard, 2019), performance standards are not arbitrary. These standards are necessary with each job position because the performance standards are used to fulfill the mission and vision of the company. Performance standards are established through job descriptions, employee handbooks, and operational manuals. Standards are subject to adjustment, based on changes in business needs

**Step 2. Communicating performance standards:** Establishing performance standards is not enough. The established standards should be shared communicated with the employees. Even though standards are written and distributed in company manuals, there also should be a specific onboarding process that summarizes the company's expectations. Regular meetings' reviewing the standards and expectations repeat to employees that everybody must meet certain minimum requirements to recall employment or to be eligible for raises or promotions (Leonard, 2019). To make effective communication feedback is necessary from the employees to the manager as it will help for the manager to ensure that the information was delivered as it was intended (Decenzo and Robbins, 2010; Joshi, 2013).

**Step 3. Measure actual performance:** Clearly defined standards are easy to measure. Leaders track and regularly review how employees are performing. Attendance might be reviewed weekly when the schedules are made. Business leaders need to determine how often different performance standards are reviewed, based on how it affects business achievement (Leonard, 2019). Personal observation, statistical reports, oral reports, and written reports are used to measure actual performance (Joshi, 2013).

**Step 4. Compare actual performance with standards:** In this step of performance appraisal the actual performance is expected to be compared with the standard (Aswathapa, 2007; Joshi, 2013). Employers usually set performance standards, based on experience and industry data. Every

business and its employees are unique. However, comparing one employee against all others who perform the same tasks gives an employer an idea about whether or not the underlying issue is the employee or if it's a bigger issue of training or operations obstacles (Leonard, 2019).

**Step 5. Discuss the appraisal with the employee:** The results of the appraisal are discussed periodically with the employees about their strength and weakness so that performance is improved (Joshi, 2013). Performance appraisals must be reviewed with employees to be effective. Sit down with each employee to review the standard expectations and provide feedback about what has been done well and what areas need improvement. Make sure all feedback is written in objective terms and speak to employees in a professional, positive manner. Use performance review meetings to not only give employees feedback but also to gather feedback from employees about personal performance, professional goals, and feedback on company protocol (Leonard, 2019).

**Step 6. Initiate corrective action:** The corrective action can be instant or basic. The instant one deals with the symptoms whereas the basic one deals with the causes (Aswathapa, 2007; Joshi, 2013, Abraham, 2020). an action plan for future performance appraisals. Build bigger goals around areas of employee success and provide specific plans of action where improvement is needed. Get employees invested in growth by asking them to include personal expectations and goals as part of the development plan. Have employees sign the plan, and accept its contents, including agreeing to the action plans. Once signed, make a copy for the employee and make another for the human resources file (Leonard, 2019).

## 2.5. Time to Conduct Performance Appraisal

In any organization, there is a time to appraise depending on the organization's nature. The suitability to many organization is doing on an annual basis, however, a more frequent appraisal may be appropriate for newly hired, for those recently promoted or recently appointed to a new position, or for those whose last time performance has never been reached to the required standard, broadly explained as follows:

i.    An informal appraisal is conducted whenever the supervisors feel it is necessary. The day-to-day working relationships between a manager and an employee's performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by on the sport examination of a particular piece of work. An informal appraisal is especially

appropriate when time is an issue. The longer feedback is delayed the less likely it is to motivate behavior change. Frequent information feedback of employees can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

ii. A systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observation on employee performance. Although an informal appraisal is useful, it should not take the place of a formal appraisal. When a formalized or systematic appraisal is used, the interface between the human resource unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year. Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal for with short period after employment, again at six months, and annually is common. 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 regular basis, and they can plan for performance discussions. (Mathis and Jackson, 1997).

## 2.6. Elements of Good Performance Appraisal System

Through research and practice in the past confirm the difficulty of having an ideal performance management system, there are some factors used to mark systems to check whether they are best practices or not. Best practices in this sense constitute systems that are more likely to live up to their promise. James and Manuel (2009) suggest the following points as those that help to evaluate the soundness of the performance management system.

**Strategic congruence**: the system should be congruent with the unit and organization's strategy. In other words, individual goals must be aligned with unit and organization goals.

**Thoroughness**: the system should be thorough regarding four dimensions. First, all employees should be evaluated (including managers). Second, all major job responsibilities should be evaluated (including behaviors and results). Third, the evaluation should include performance spanning the entire review period, not just a few weeks or months before the review. Finally, feedback should be given on positive performance aspects as well as those that are the need of improvement.

**Practicality**: systems that are too expensive, time-taking and convoluted with obviously not be effective.

**Meaningfulness**: the system must be meaningful in several ways. First, the standards and evaluations conducted for each job function must be considered important and relevant. Second, performance assessment must emphasize only those functions that are under the control of the employee. Third, the evaluation must take place at regular intervals and at appropriate moments. Fourth, the system should provide for the continuing skill development of evaluators. Finally, the result should be used for important administrative decisions.

**Specificity**: a good system should be specific: it should provide detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations.

**Identification of effective and ineffective performance**: the performance management system should provide information that allows for the identification of effective and ineffective performance.

**Reliability**: a good system should include measures of performance that are consistent and free of error.

**Validity**: refers to the fact that the measures include all relevant performance factors and do not include irrelevant performance facts. In other words, measures are relevant (include all critical performance facts), not deficient (do not leave any important aspect out), and are not contaminated (do not include factors outside of the control of the employee or factors unrelated to performance).

**Acceptability and fairness**: a good system is acceptable and is perceived as fair by all participants.

**Inclusiveness**: good system includes input from multiple sources on an ongoing basis. All participants must be given a voice in the process of designing and implementing the system.

**Openness**: good system have no secrets. First, performance is evaluated frequently and performance feedback is provided on an ongoing basis.

**Correctability**: when employees perceive an error has been made, there should be a mechanism through which this error can be corrected.

**Standardization**: good systems are standardized. This means the performance is evaluated consistently across people and time.

**Ethicality**: good system comply with ethical standards. Operationally, this means that the supervisor suppresses his or her self-interest in providing evaluations (James and Manuel, 2009).

## 2.7. Methods of Performance Appraisal

Performance can be appraised by several methods. Different writers had categorized the performance evaluation techniques in different ways. Abraham (2020), categorized these techniques as Individual Evaluation Methods, Multiple-Person Evaluation method, and other methods. Each of these main categories has multiple techniques under them. Mathis and Jackson (2010), categorized the different techniques of PA as Traditional and Modern Methods. Decenzo and Robins (2010) categorized the techniques as Category Scaling Methods, Comparative Methods, Narrative Methods, and Management by Objectives (MBO). Some employers use one method for all jobs and some employers use different methods for different groups of employees, and others use a combination of methods (Decenzo and Robins, 2010). From all the literatures reviewed it can be concluded that, even if the categorization seemed different the detailed techniques under them have commonalities. The following are some of the commonly mentioned techniques for performance appraisal.

### 2.7.1. Graphic Scaling Method/ Liner Rating Scale

It is the simplest and most popular technique to appraise employees. It allows the rater to evaluate employee performance on a range indicating low to high levels of particular characteristics. Quantity and quality of work, job knowledge, cooperation, attitudes, initiatives, attendance, dependability and honesty are some of the aspects to be considered for the appraisal (Aswathapa, 2007; Decenzo and Robbins, 2010; Mathis and Jackson, 2010; Joshi, 2013; Abraham, 2020). Commonly, five-point scales are used like 5, 4, 3, 2, and 1 or can be denoted points for various degrees of excellent-poor, high-low, or good-bad, and so on. Managers evaluate the employee according to defined factors, as the attributes printed on an evaluation form. The form has

performance levels regarding attributes. There are numbers or scales (very good, good, or poor) across the attributes on the form. The manager chooses one of them.

### 2.7.2. Ranking Method

It is a way of ranking employees' performance from highest to lowest or from worst to best in the organization. Managers will make comparisons of an employee with the others, instead of making the comparison of each employee with some certain standards. The advantage of this method is a large number of employees can be evaluated in a shorter time. However, the rank differences don't indicate how much an employee in the first rank is better than the employee in the last (Aswathapa, 2007).

### 2.7.3. Critical Incidents Method

This method is very helpful to identify those employees who have the highest potential to work in a critical situation or handling sudden problem in the organization (Aswathapa, 2007; Mathis and Jackson, 2010; Joshi, 2013). It is a continuous appraisal method that employees are appraised continuously by keeping in mind the critical situation. In this method, only the case of sudden trouble and behavior associated with these incidents or trouble are taken for evaluation (Aswathapa, 2007).

### 2.7.4. Essay Method

In this method, the evaluator is expected to write detailed information about the employees' characteristics, knowledge about organizational policies and the job, strength, weakness and etc. (Aswathapa, 2007; Mathis and Jackson, 2010). This method allows more flexibility than the other methods and many raters often combine the essay method with the other appraisal methods (Mathis and Jackson, 2010). It is a non-quantitative technique. The essay evaluation method has its own drawbacks like high subjectivity, poor essay writing skill of the evaluator, and time consuming (Abraham, 2020).

### 2.7.5. Checklist Method

Joshi (2013), discussed that in this method the evaluator doesn't have a contribution in the employee evaluation rather the evaluator gives reports about the employee and the Human Resource (HR) department does the final rating. In this method, different questions related to employees' behavior will be presented. The evaluator then checks to indicate whether the answer

filled to the question about the employee is positive or negative. Mostly it uses a Yes or No question type (Decenzo and Robbins, 2010; Joshi, 2013; Abraham, 2020). This method can reduce some bias in the evaluation process as the rater and the scorer is different. However, it is inefficient and time-consuming if Human Resource Management (HRM) spends considerable time developing individualized checklists for many job categories  (Decenzo and Robbins, 2010).

### 2.7.6.  Forced Choice Method

It is a type of checklist that the rater must choose between two or more statements about an employee's work behavior (Joshi, 2013). For example, "would you rather go to a party with a group of friends or attend a lecture by a well-known political figure?" Each of the statements may or may not be favorable so the evaluator's job is to identify the statement that mostly describes the individual being evaluated (Decenzo and Robbins, 2010). Managers indicate which items are most descriptive of the employee. The manager does not know the score equivalent of the expressions (Turgut & Mert, 2014).

### 2.7.7.  Management by Objectives

This is a method necessitating the attainment of pre-defined objectives. According to this method, managers and employees determine collectively the objectives for employees to meet during a specific period. Attainment of an objective is more important than "how it was attained". Employees are then evaluated with a view to how they have achieved their determined goals (Turgut & Mert, 2014). This method mostly cares about the results achieved or goals but not the process or methods employees used to achieve them.

### 2.7.8.  The 360-degree Method

The 360-degree appraisal system was first applied in one of the US factories in 1987, and then it was developed in 1990. The 360-degree appraisal is a powerful method and quite different from traditional manager-subordinate appraisals. As such, a 360-degree process does not replace the traditional one-to-one process - it augments it. It involves the appraise receiving feedback from people (named or anonymous) whose views are considered helpful and relevant (Jong, 2011). 360-degree respondents can be the appraises peers, up-line managers, subordinate staff, team members, other staff, customers, suppliers, and anyone who comes into contact with the employees and has opinions/reactions of and to him/her.

Numerous systems and providers are available. It is advisable to develop a particular process and materials for a particular situation, preferably involving the appraisers to which all the participative approaches, often work well (Jong, 2011).
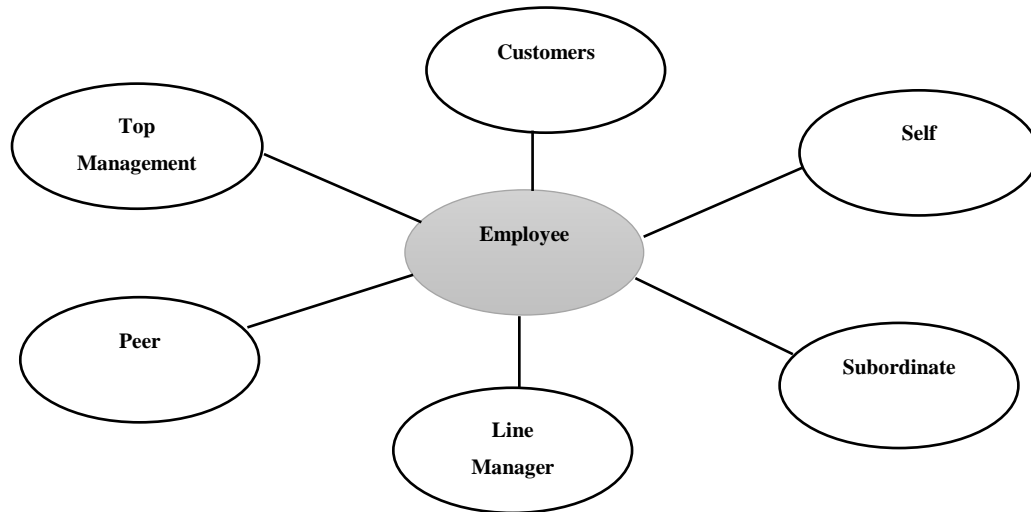


*Figure 2.1: The 360-degree Appraisal Method*

## 2.8. Factors of Performance Appraisal

Performance evaluation can be affected by different factors. It is also ideal for HRM professionals to have an absolutely perfect performance appraisal system (Decenzo and Robbins, 2010). The following are some of the factors:

- **Positive/Negative Leniency Error** – Positive leniency is the tendency to give high evaluation points in general, usually above the deserved level. Negative leniency is vice versa, in which the evaluator gives generally low evaluation points, regardless of the deserved level. It can be said that positive leniency is more frequent than negative leniency, since, some raters are concerned about damaging a good working relationship by giving poor or negative ratings (Turgut & Mert,2014).

- **Halo Error** – This error occurs when employees are rated either extremely high or extremely low on all factors based on a rating of one or two factors (Decenzo and Robbins, 2010). The Evaluator's general perceptions of an employee influence his/her perception on a specific dimension. This error has two opposite sides. One is the general evaluation of the employee according to his/her strengths and overseeing the other possible weaknesses. The other, the

horn effect, is the opposite of the halo effect, where the employee is generally evaluated according to his weaknesses and his/her strengths are overseen (Turgut & Mert, 2014).

- **Central Tendency Error -** This error occurs when the evaluator is ignoring the strengths and weaknesses of an employee and mainly tending to appraise the employee in an average score. Some raters, rather than giving extreme poor or good grades, to evaluate all rates tend to an average scoring even if the performance actually varies (Turgut & Mert, 2014).

- **Similarity Error**- This error results from situations where the evaluator sees his employee's background, education, attitudes, characteristics very similar to himself/herself, therefore grading higher in performance appraisals. Due to this error, evaluators may tend to perceive others similar to themselves more positively than they perceive those who are dissimilar (Turgut & Mert, 2014). Evaluating employees based on the way an evaluator perceives himself or herself (Decenzo and Robbins, 2010).

## 2.9.    Challenges of Performance Appraisal Practice

The major challenges that affect the performance appraisal process and the actual results are problems related to evaluation criteria, performance standards, and goals in the performance agreement. Some common problems that occur in the performance appraisal process are discussed as follows:

- **Lack of alignment**: The first challenge of the performance appraisal process is the lack of alignment due to various organizational processes being created in isolation. The link between the organization's strategy development, budgeting, and operational planning is developed by different groups of people with different frameworks being used. The performance appraisal system lacks alignment between individual performance, departmental performance, and organizational delivery and so all systems default back to financial measurements (Batera, 2014; Mekonnen, 2016).

- **Design challenges:** The performance appraisal system and tools must be designed to address the particular needs of organizations. The design process should involve thorough consultation with major stakeholders and especially with future users of the system (employees). Consultation and interaction are necessary to build trust and relationships with employees and relevant stakeholders (Batera, 2014).

- **Communication challenges:** Communication is one of the most critical success factors of the entire performance appraisal system. Effective communication requires the provision of relevant information, ensures buy-in from the users of the system, reduces fears and concerns, resistance to change, and generates commitment to the system.

- **Timing challenges:** It is challenging to find and decide the appropriate timing for performance appraisal. Most organizations schedule their appraisals according to either when an employee was hired or at a set date or all employees such as at the end of the year. Rating employees according to the date they were hired allows managers to allow enough time to pass in order to have a productive appraisal.

- **Incompetence:** All involved stakeholders in the performance appraisal system must possess adequate knowledge, attitudes, and skills to utilize the system. Major skills like: development of performance indicators, key results areas, core management competencies and performance agreements, measurement of performance indicators, communication of results and feedback, monitoring, and evaluation of the performance management system.

- **Use of results:** A big problem with the PA is deciding what to do with the information gathered from the appraisal. Without proper implementation of results, the appraisal is useless. A major issue with results is that managers may go through the entire process and ignore the results altogether (Batera, 2014; Mekonnen, 2016).

## 2.10. Empirical Review

There are different studies are conducted on the title of assessment of employee's performance appraisal practice on different organization,

According to Tariku, (2015) appraisal practice of Dashen Bank S.C concludes that performance appraisal aims to evaluate the job performance of employees to improve their performance and consequently the organization's performance. in order to do so, the performance appraisal system should use job-related criteria, an appropriate method of appraisal for each purpose, qualified and well-trained appraiser, and participation of employees in one way or the other. Dashen Bank S.C performance appraisal format explicitly describe the following objective;

- Salary increment.

- Promotion.

- Transfer to another post.

- Demotion or termination.

Although almost all of the respondents suggest that evaluation should be conducted quarterly, rather than twice a year.

According to Dega (2013) the practices of performance planning and evaluation system at Moha Soft Drinks Industry S.C Teklehaimanot plant concludes that If employees are not evaluated based on the current job they are performing and not given an explanation of the reasons behind each rating, they will not be able to know what was done well and what was missing to make an effort to improve their performance. Instead, they will be de-motivated and indifferent to the whole process which makes the appraisal system useless and only a waste of the supervisor's time.

According to Kassim(2014), employee performance evaluation practices and challenges at Ethiopian Road Construction Corporation concludes that, As the study result showed, in the corporation, there is no trend of employee participation in the development of work plan. As indicated in the study, the work plan of employee performance evaluation was developed by the performance management team, regardless of the participation of employees. This practice decreases the initiation of employees to implement the plan as their concern.

## 2.11. Conceptual Framework

Performance appraisal practice is directly linked with the process of performance appraisal which begins with the establishment of performance standards, followed by communicating the standards to the employees because if left to themselves, would find it difficult to guess what is expected of them. This is followed by measurement of actualperformance and then compare the actual performance to the performance standard set and discuss the appraisal outcome with the employee and if necessary, initiate corrective action.
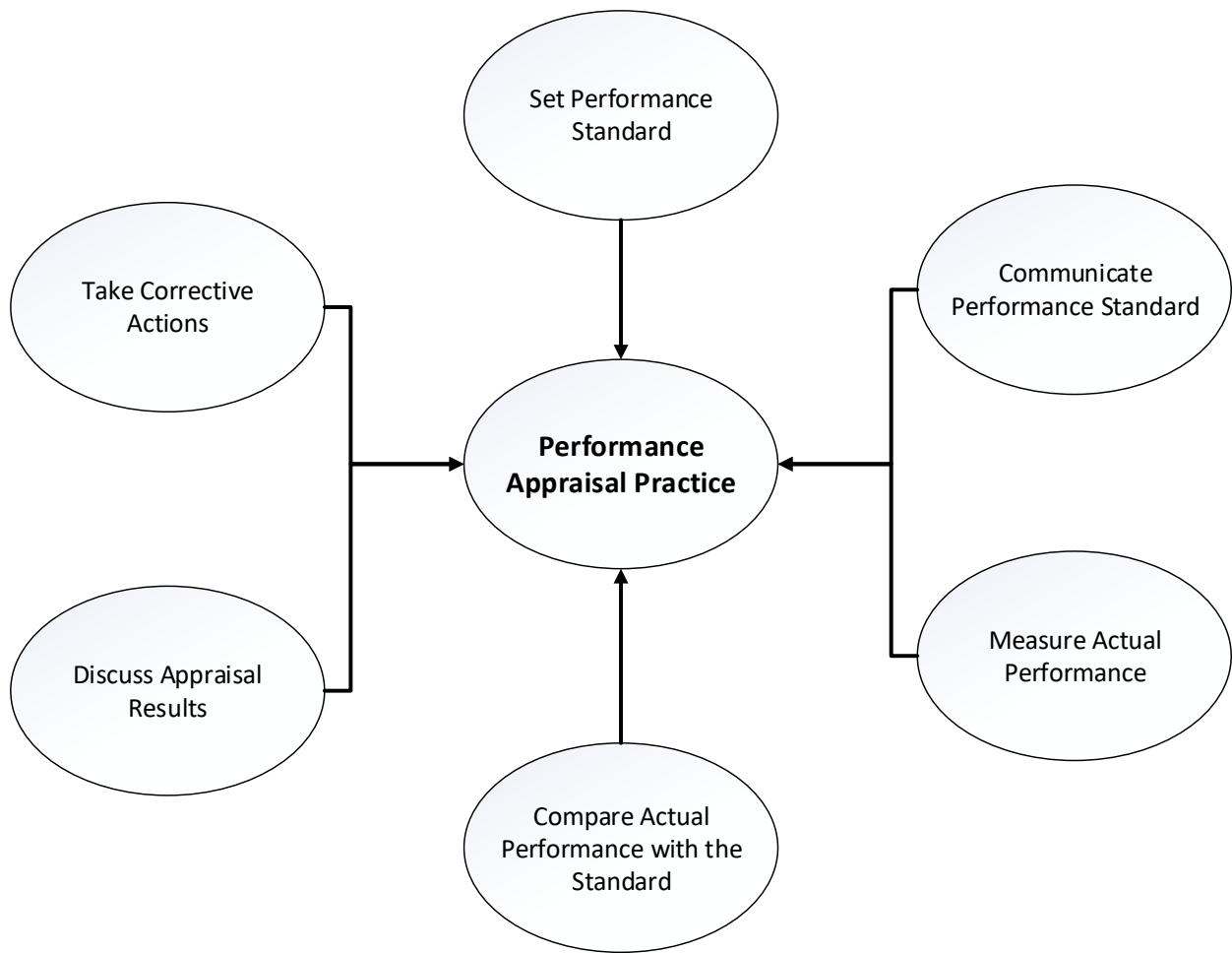
*Figure 2.2: Conceptual Framework (Source: Decenzo and Robbins, 2010)*

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# CHAPTER THREE
# RESEARCH DESIGN AND METHODOLOGY

This chapter provides information about the research design and methodology used in the study and the reasons for selecting such a technique. This includes the research approaches, data source and collection method, procedure of data collection, and reliability test.

## 3.1. Research Design and Approaches

### 3.1.1. Research Design

This study assesses the performance appraisal practice of Camara Education Ethiopia. In order to achieve the objectives of this study, a descriptive research design was used. According to Kothari (2004), descriptive research includes surveys and fact-finding inquiries of different kinds. The major purpose of descriptive research is the description of the state of affairs as it exists at present. The descriptive research method allows describing the characteristics of specific individuals and groups.

### 3.1.2. Research Approaches

Both qualitative and quantitative approaches were implemented in conducting this research. Descriptive research does not fit neatly into the definition of either quantitative or qualitative research methodologies, it however has the ability to utilize elements of both within the same study.

## 3.2. Research Population and Sample Size

### 3.2.1. Research Population

The performance of the organization is the integrated result performance of every individual of the organization. Every individual must pass the performance evaluation processes in order to get an overall organizational performance assessment. Therefore the population of this research is all employees of Camara Ethiopia both management and non-management staff members. Camara Ethiopia has a total of 17 permanent employees, four management and 13 non-management staff.

### 3.2.2. Sample Size

Sampling is a technique of selecting individual members or a subset of the population to make statistical inferences from them and estimate the characteristics of the whole population. As the

research population of this study is few and possible to involve in this study, the sample size is the whole research population (all Camara Ethiopia's permanent employees).

## 3.3. Sources of Data

In conducting this research, both primary and secondary sources of data were used. The primary data sources were by communicating the case company's employees. On the other hand, the secondary data, are those which have already been collected by someone else and which have already been passed through the statistical process. The secondary sources of information that the researcher used in the study included the case organizations' HR manual, books, internet searches, articles, journals, and other material that are useful to this study. These secondary sources guided the researcher to identify how others have defined and measured key concepts, and how this research project is related to the work of others.

## 3.4. Data Gathering Instruments

In this study, questionnaires and guided interviews were used as data gathering instruments to collect the primary data. The target groups in the questionnaire are the non-management staff members. The questionnaire consists of a series of questions printed in the form of close-ended using a method of Likert Scale ranging. To improve the response rate, there was a cover letter explaining the reasons for the research, why the research is important, why the subjects were selected and a guarantee of the respondents" confidentiality was provided. The interview was prepared and conducted to the focused groups (all 4 management staff) based on the research objectives. The nature of the interview questions was neither too structured nor fully open-ended rather they were the hybrid of the two i.e. semi-structured.

## 3.5. Data Collecting Procedures

To collect the data, the research himself was involved in the collection of the questionnaire in order to make the respondents feel comfortable about the response they gave and give support to the rater while they were filling the questionnaire. The researcher also conducted an interview with management staff members of Camara Ethiopia.

## 3.6. Pilot Testing

The exactness with which things are measured in a study is expressed in terms of validity and reliability. Agresti, A & Finlay, B (2009) said that a measure should have both validity and

reliability. That is describing what is intended to measure and accurately reflecting the concept; being consistent in the sense that a subject will give the same response when asked again.

### 3.6.1. Reliability Test

The Reliability test is a tool to measure a questionnaire's internal consistency. One researcher to be sure about the correctness of his questionnaire consistency, reliability test is very crucial. Cronbach's alpha is a coefficient of reliability that was used to measure the internal consistency of the scale. It was conducted by using SPSS software. Many scholars agreed that a constructor variable is said to be reliable if it is providing a value Cronbach $\alpha$ value is greater than 0.70. So for this study, a Cronbach's alpha score of 0.70 or higher is considered adequate to determine reliability.

*Table 3.1: Reliability Statistics*

| Variable | Cronbach's Alpha | N of Items |
|:--------:|:----------------:|:----------:|
| 1 | .891 | 5 |
| 2 | .702 | 5 |
| 3 | .757 | 5 |
| 4 | .791 | 5 |

Source: - survey data, 2021

### 3.6.2. Validity Test

Validity is the extent to which it gives the correct answer. It indicates the degree to which an instrument measures what it is supposed to measure. Questionnaire papers were modified according to the literature within the specific topic and were reviewed by professionals and academicians.

### 3.7. Methods of Data Analysis

After collecting the data and, reasonable checks were conducted in order to clear inconsistent data appropriately. Descriptive statistical data analysis methods have been used to analyze and present the data collected from the respondents. To undertake the analysis, Statistical Package for the Social Sciences (SPSS) version 21 was used. The descriptive statistical results were presented by graphs, tables, and charts to outline the responses received which were examined and discussed.

This was achieved through summary statistics, which includes the frequencies, percentages, and mean which were computed for each study variable.

## 3.8. Ethical Considerations

This research considered different ethical issues as it is sensitive. The following are the ethical considered ethical issues:

- Participants were communicated that secrecy would be maintained.
- The participated respondents and the interviewees were volunteers so that they were free to answer the questions in both the interview and questionnaire. In addition, the objective and the data collection process were clarified.
- The participants were counseled and briefed to get correct and honest responses by clearly stating the purpose of the study as it is used for academic purposes only.
- The findings of this study are reported without any false and bias.

# CHAPTER FOUR

# DATA ANALYSIS AND INTERPRETATION

The content of this chapter is an analysis of data collected, interpreted, and discussion of the results. This chapter consists of two parts; the first part was trying to present and discuss the demographic profile of the respondents including gender, age, education level, and years of experience at Camara Education and while the second part presented the data collected through a structured questionnaire.

## 4.1. Response Rate

The primary data was collected through 13 questionnaires from employees of Camara Ethiopia. In order to get the data, the questionnaire was prepared and distributed to the total population. Out of 13 questionnaires distributed to employees, 13 responses which are 100% response rate were obtained then the data was entered and analyzed using a statistical package for social sciences (SPSS21).

## 4.2. Demographic Background of the Respondents

### 4.2.1. Gender Profile
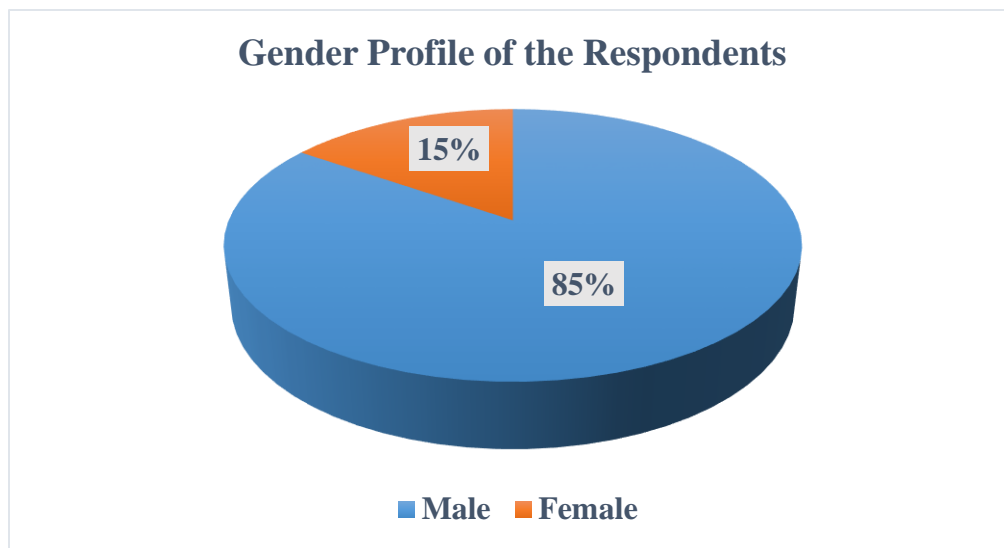


*Figure 4.1: Gender Profile of the Respondents*

As it is shown in the above figure 4.1, 11 (85%) of the respondents are males and the rest 2 (15%) respondents are female. This implies that male employees are higher in number than female employees in Camara Ethiopia.

### 4.2.2. Age Distribution

Table (4.1) states that 11 (84.6%) of the respondents were found between 25-35 years old, 1 (7.7%) of the respondents was found between 36-45 years old, and the remaining 1(7.7%) respondent was found between 46-55 years old. This implies that the majority of Camara Ethiopia employees are young between 25-35 years old. This shows that majority of Camara Ethiopia employees are young.

*Table 4.1: Age Profile of the Respondent*

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 25-35 | 11 | 84.6 | 84.6 | 84.6 |
|  | 36-45 | 1 | 7.7 | 7.7 | 92.3 |
|  | 46-55 | 1 | 7.7 | 7.7 | 100.0 |
|  | Total | 13 | 100.0 | 100.0 |  |

Source: - survey data, 2021

### 4.2.3. Educational Level Distribution

*Table 4.2: Education Level of the Respondent*

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | below bachelor degree | 2 | 15.4 | 15.4 | 15.4 |
|  | bachelor degree and above | 11 | 84.6 | 84.6 | 100.0 |
|  | Total | 13 | 100.0 | 100.0 |  |

Source: - survey data, 2021

The above table (4.2) shows that the educational level of the respondent. The result of Table 4.2 Indicates that 11 (84.6%) of the respondents have a bachelor's degree and above. Whereas 2 (15.4%) of the respondents have below bachelor's degree. Therefore, the majority of employees have a bachelor's degree and above.

### 4.2.4. Respondents' Years of Experience at Camara Ethiopia

The following figure (4.2) demonstrates the respondents' years of experience at Camara Ethiopia. 6 (46.2%) of the respondents have 2-4 years of experience, 3 (23.1%) of the respondents have 5-7 years of experience, 3 (23.1%) of the respondents have 8-10 years of experience, and 1 (7.7%) of the respondents have less than 2 years of working experience at Camara Ethiopia. Regarding this data, most of the employees have 2-4 years of experience at Camara Ethiopia.
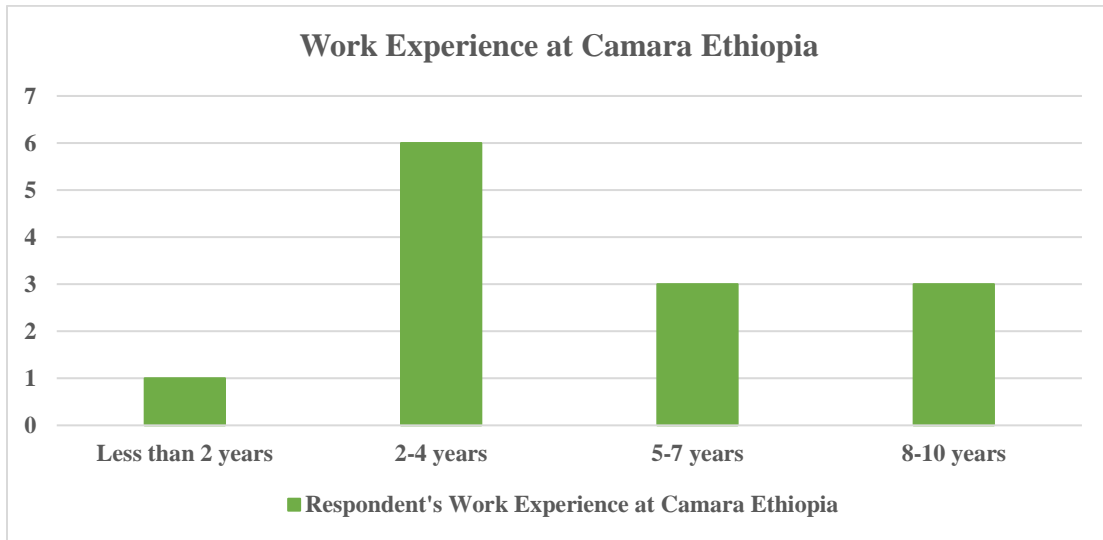


*Figure 4.2: Respondent's Years of Experience at Camara Ethiopia*

### 4.3.    Descriptive Data Analysis

To answer the basic research questions of this study, a descriptive research method was deployed and data was collected from Camara Ethiopia employees through a questionnaire. The descriptive statistical results were presented by graphs, tables, and charts to outline the responses received which were analyzed and discussed. This was achieved through summary statistics, which includes the frequencies, percentages, and mean which were computed for each study variable. While interpreting the results of mean the scales were reassigned as follows to make the interpretation easy and clear. 1-1.8= Strongly Disagree, 1.81 - 2.7 = Disagree, 2.71 –3.4= Neutral, 3.41 –4.20= Agree and 4.21 –5 = Strongly Agree.

### 4.3.1.  Procedures of Performance Appraisal Practice of Camara Ethiopia

Performance appraisal practice is a systematic evaluation of the performance of an employee by his/her superiors. Generally, an appraisal is made by the supervisor or manager once/twice a year,

it is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards, and competency requirements (Joshi, 2013).

Performance appraisal can be used to measure employees' performance and prepare a platform for feedback about past, current, and future performance expectations (Mathis and Jackson, 2010).

*Table 4.3: Procedures of Performance Appraisal Practice of Camara Ethiopia*

| No. | Statements | 1(SD) | | 2(D) | | 3(N) | | 4(A) | | 5(SA) | | Mean |
|-----|-----------|-------|-----|------|-----|------|-----|------|-----|-------|-----|------|
| | | F | % | F | % | F | % | F | % | F | % | |
| 1 | I receive formal performance appraisal twice a year. | 5 | 38.5 | 1 | 7.7 | 2 | 15.4 | 4 | 30.8 | 1 | 7.7 | 2.62 |
| 2 | The performance evaluating criteria are clearly communicated. | 1 | 7.7 | 3 | 23.1 | 2 | 15.4 | 3 | 23.1 | 4 | 30.8 | 3.46 |
| 3 | I have the opportunity to evaluate my own performance. | 2 | 15.4 | 2 | 15.4 | 1 | 7.7 | 3 | 23.1 | 5 | 38.5 | 3.54 |
| 4 | Performance evaluation results are discussed with the evaluator. | 2 | 15.4 | 2 | 15.4 | 3 | 23.1 | 1 | 7.7 | 5 | 38.5 | 3.38 |
| 5 | The company accepts any employee complaint after employee performance appraisal. | 2 | 15.4 | 2 | 15.4 | 1 | 7.7 | 4 | 30.8 | 4 | 30.8 | 3.46 |
| **Grand Mean** | | | | | | | | | | | | **3.22** |

Source: - survey data, 2021

As shown in the above table (4.3), 5 (38.5%) and 1 (7.7%) of the respondents replayed that "strongly disagree" and "disagree" respectively for the statement "*I receive formal performance appraisal twice a year*". For the same statement, 5 (38.5%) of the respondents agree that they receive formal performance appraisals twice a year. The rest 2 (15.4%) respondents have a neutral opinion on the same statement. The mean of 2.62 shows that the majority of Camara Ethiopia employees didn't receive formal PA twice a year.

According to the table (4.3), 4 (30.8%) and 3 (23.1%) of the total respondents strongly agree and agree respectively while 3 (23.1%) and 1 (7.7%) respondents replayed "disagree" and "strongly disagree" on Camara Ethiopia have communicated the performance evaluating criteria clearly. The rest 2 (15.4%) respondents have a neutral opinion for the same statement. Camara Ethiopia employees were also asked if they have the opportunity to evaluate their own performance and 7

(61.6%) of the respondents agree that they have the opportunity to evaluate their own performance while 4 (30.8%) respondents disagree and the rest of respondent have a neutral opinion. In addition, all of the interviewees also said as the PA criteria are mostly clear and objective and communicated to all the employees. The mean 3.46 & 3.54 shows that Camara Ethiopia has communicated the performance evaluation criteria and gives employees the chance to evaluate their own performance respectively.

Table (4.3) also shows that the employees' response to the statement "*Performance evaluation results are discussed with the evaluator*" which 6 (46.2%) of the respondents agreed, 4 (30.8%) respondents disagreed and the rest 3 (23.1%) respondents have a neutral opinion. This indicates that the majority of respondents have discussed their performance evaluation results with their evaluator. It is also indicated that 61.6% of respondents agreed that Camara Ethiopia accepts any employee's complaints after performance appraisal is conducted. Only 4 (30.8%) respondents disagreed that Camara Ethiopia accepts employee complaints related to performance appraisal. The remaining 1 employee has a neutral opinion.

### 4.3.2. The Link Between Employee Performance Objectives and Camara Ethiopia Strategic Objective

Performance appraisal is a vital component of a broader set of human resource practices in organizations. It is the mechanism for evaluating the extent to which each employee's day-to-day performance is linked to the goals established by the organization (Coutts and Schneider, 2004).

Employees were asked if they have set their performance objectives based on the organization's strategic objectives and 53.9% of the respondents agreed while 30.8% of the respondents replayed "neutral" and the rest 15.4% of the respondents disagreed (See table 4.4 below). They were also asked that whether their performance appraisal is driven from Camara Ethiopia's goals and their response shows that 10 (77%) of the respondents have agreed that their performance appraisal is driven from the organization's goals but 2 (15.4%) respondents remain neutral while the rest 1 (7.7%) respondent disagreed. The mean 3.46 & 4.08 respectively indicates that Camara Ethiopia employees have set their performance objectives based on the organization's strategic objective and their performace appraisal is drived from the organization's goal.

Table (4.4) indicates that 61.6% of respondents disagreed when they were asked that their performance evaluation form used for their performance appraisal is customized based on their job characteristics. One respondent remains neutral for the same question while the remaining 4 (30.8%) respondents agreed. Camara Ethiopia employees were also asked that whether their performance is evaluated against the target performance objective set within the evaluation period and the majority (46.2%) agreed while 38.5% of respondents have a neutral opinion and the remaining 15.4% respondents disagreed.

*Table 4.4: Employees Response on the Link Between Employee Performance Objectives & Camara Ethiopia Strategic Objective*

| No. | Statements | 1(SD) | | 2(D) | | 3(N) | | 4(A) | | 5(SA) | | Mean |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | F | % | F | % | F | % | F | % | F | % | |
| 1 | I have set performance objectives based on the organization's strategic objective. | 0 | 0 | 2 | 15.4 | 4 | 30.8 | 6 | 46.2 | 1 | 7.7 | 3.46 |
| 2 | My performance appraisal is derived from the organization's goals. | 0 | 0 | 1 | 7.7 | 2 | 15.4 | 5 | 38.5 | 5 | 38.5 | 4.08 |
| 3 | The performance appraisal form used for my PA is customized based on the characteristics of my job. | 3 | 23.1 | 5 | 38.5 | 1 | 7.7 | 3 | 23.1 | 1 | 7.7 | 2.54 |
| 4 | My performance is evaluated against the target performance objective set within the evaluation period. | 0 | 0 | 2 | 15.4 | 5 | 38.5 | 2 | 15.4 | 4 | 30.8 | 3.62 |
| 5 | My performance is evaluated to know my potential job accomplishment. | 0 | 0 | 1 | 7.7 | 2 | 15.4 | 3 | 23.1 | 7 | 53.8 | 4.23 |
| **Grand Mean** | | | | | | | | | | | | 3.59 |

Source: - survey data, 2021

The above table (4.4) also shows that 77% of the respondents agreed, 15.4% of the respondents replayed "neutral", and the rest 7.7% replayed "disagree" for the statement "*My performance is evaluated to know my job accomplishment potential*". The mean 4.23 shows that most of Camara

Education employees understood that their performance is evaluated to know their potential job accomplishments.

### 4.3.3. The Contributions of Performance Appraisal Towards Achieving the Business Objectives of Camara Ethiopia

Performance appraisal is highly useful in decision-making regarding promotions and merit ratings. It also prevents grievances because it aids management in promoting employees fairly. If valid performance data in are available i.e. timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system (Joshi, 2013). Employees can generate long term plans and new ideas for improvement, the need for training and development can be identified, continuous improvement and success in the organization can be formed (Aswathapa, 2007).

The following table (4.5) shows Camara Ethiopia employee's response to the statement "*The organization uses performance appraisal results to identify the strengths and weaknesses of the employee*". 69.2% of the respondents agreed with the statement, 15.4% of the respondents replayed "neutral" and the rest 15.4% respondents disagreed. Moreover, the interviewees also fully agreed that the strength and weaknesses of the employees are identified based on the performance evaluation result. The mean 3.85 implies that Camara Ethiopia uses performance appraisal results to identify the strengths and weaknesses of their employees. The respondents were also asked if the organization uses performance appraisal results for employees' carrier development. Based on this, 69.2% of the respondents disagreed, 15.4% of the respondents replayed "neutral", and the rest 15.4% of respondents agreed. The mean 2.23 implies that the majority of the employees didn't agree that the organization uses performance evaluation results for their promotion and carrier development.

*Table 4.5: Employees Response on the Contributions of PA in Achieving Organizational Objectives*

| No. | Statements | 1(SD) | | 2(D) | | 3(N) | | 4(A) | | 5(SA) | | Mean |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | F | % | F | % | F | % | F | % | F | % | |
| 1 | The organization uses performance appraisal results to identify the strengths and weaknesses of the employee. | 0 | 0 | 2 | 15.4 | 2 | 15.4 | 5 | 38.5 | 4 | 30.8 | 3.85 |
| 2 | The organization uses performance appraisal results for employee carrier development. | 4 | 30.8 | 5 | 38.5 | 2 | 15.4 | 1 | 7.7 | 1 | 7.7 | 2.23 |
| 3 | The organization uses performance appraisal results to identify training needs. | 2 | 15.4 | 3 | 23.1 | 1 | 7.7 | 3 | 23.1 | 4 | 30.8 | 3.31 |
| 4 | The organization uses performance appraisal results to determine pay and promotion decisions. | 5 | 38.5 | 4 | 30.8 | 0 | 0 | 3 | 23.1 | 1 | 7.7 | 2.31 |
| 5 | The performance appraisal motivates employees to improve their job performance and achieve organizational goals. | 0 | 0 | 2 | 15.4 | 3 | 23.1 | 4 | 30.8 | 4 | 30.8 | 3.77 |
| **Grand Mean** | | | | | | | | | | | | **3.10** |

Source: - survey data, 2021

53.8% of the respondents agreed that Camara Ethiopia uses performance appraisal results to identify employees' training needs. In contrast with that 38.5% of the respondents disagreed and the remaining 7.7% of respondents have a neutral opinion on the use of performance appraisal results for employees' training needs. On the other hand, 69.2% of the respondents didn't agree and the rest 30.8% of respondents agreed that Camara Ethiopia uses performance appraisal results to determine pay and promotion decisions (see table 4.5).

It is also stated in the above table (4.5) that 61.6% of the respondents agreed that the performance appraisal motivates them on improving their job performance to achieve Camara Ethiopia's goals. 23.1% of the respondents replayed "neutral" and the rest of the respondents (15.4%) said they are

not motivated by the performance appraisal to improve their job performance to achieve organizational goals.

### 4.3.4. The Most Common Performance Appraisal Errors Supervisors Made in Camara Ethiopia

According to (Decenzo and Robbins, 2010), common performance appraisal errors contain positive or negative leniency error, halo error, central tendency error, and similarity error. These errors made by supervisors will affect the whole performance appraisal process. The following table 4.6 presents employees' responses to questions related to the common errors made by evaluators during the performance appraisal process.

*Table 4.6: Employees Response to the Most Common PA Errors*

| No. | Statements | 1(SD) | | 2(D) | | 3(N) | | 4(A) | | 5(SA) | | Mean |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | F | % | F | % | F | % | F | % | F | % | |
| 1 | My supervisor has adequate knowledge and skill to evaluate me. | 0 | 0 | 2 | 15.4 | 2 | 15.4 | 2 | 15.4 | 7 | 53.8 | 4.08 |
| 2 | My supervisor evaluates my performance based on his/her perception. | 3 | 23.1 | 3 | 23.1 | 2 | 15.4 | 2 | 15.4 | 3 | 23.1 | 2.92 |
| 3 | The evaluator is influenced by personal liking/disliking while evaluating my performance. | 8 | 61.5 | 2 | 15.4 | 1 | 7.7 | 1 | 7.7 | 1 | 7.7 | 1.85 |
| 4 | My supervisor evaluates my performance based on specific incidents of good and poor performances. | 0 | 0 | 2 | 15.4 | 2 | 15.4 | 8 | 61.5 | 1 | 7.7 | 3.62 |
| 5 | My supervisor always gives me average results even if my performance is good or poor. | 2 | 15.4 | 2 | 15.4 | 2 | 15.4 | 4 | 30.8 | 3 | 23.1 | 3.31 |
| **Grand Mean** | | | | | | | | | | | | **3.16** |

Source: - survey data, 2021

As it is shown in the above table (4.6), 69.2% of the respondents agreed that their supervisor has adequate knowledge and skill to evaluate their performance while only 15.4% of the respondents replayed "neutral" and the rest of respondents (15.4%) didn't believe that their supervisor has adequate knowledge and skill to evaluate them. The interviewees also said as they are fully confident in their knowledge and ability to evaluate the employees. About the influence of the perception of the evaluators in conducting the PA, 46.2% of the respondents replied as the PA is not biased by their evaluator's perception. In contrast with this, 38.6% of the respondents agreed that their performance appraisal is based on their supervisor's perception and the rest respondents have a neutral opinion.

As it is revealed in the above table (4.6), 76.9% of the respondents agreed that their supervisor is not influenced by personal liking/disliking while evaluating their performance. However, 69.2% of the respondents believed that their supervisors are biased by specific incidents (good or bad) while evaluating them. More than half of the respondents also agreed as their supervisor always gives them average results whether their performance is good or poor. There are also respondents (30.8%) that didn't receive average results always while their performance is good or poor.

## 4.4. Interview Analysis

A guided interview was prepared and conducted with the focused groups (all 4 management staff) which are the performance evaluator. The result of this interview is analyzed as follows.

The interviewees replied as the conducting frequency of PA was twice a year as the organization's HR manual also stated (Camara HR manual, 2019) that a formal review of staff members will be carried out every 6 months for all staff but for the last two years, it has become once in a year. This implies that formal performance appraisal is not conducted twice a year.

All management staff members stated that they have set objective evaluation criteria and communicated them clearly to all employees of Camara Ethiopia. This shows that there is a transparent performance appraisal procedure at Camara Ethiopia.

The evaluators were asked that what is the basis for them to evaluate their subordinates and they said that performance objectives set by employees with their line manager were the basis to

evaluate their achievements. They have mentioned that every employee was involved in setting their own performance objectives.

Camara Ethiopia management staff members confirmed that the performance appraisal results enable them to identify the strengths and weaknesses of employees. They also confirmed that the performance appraisal results allowed them to give the necessary support to their employees like providing guides to enhance their performance and this improved the performance of employees and enables them to achieve the organizational goals.

The interviewees were asked about the major challenging factors that affect the performance evaluation of the organization. Based on this, the interviewees mentioned different challenges being faced in conducting PA in their organization. Employees' perception towards performance appraisal, the evaluator's commitment to conduct the PA based on the time frame, setting clear and objective criteria, consistency in implementing the appraisal are the commonly mentioned challenges.

# CHAPTER FIVE

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents the summary of major findings and gives conclusions based on the findings. It also recommends corrective actions or suggestions to tackle the problems revealed.

### 5.1.    Summary of Major Findings

This study was conducted on the assessment of performance appraisal practice in the case of Camara Education Ethiopia. The study is committed to know and assess Camara Ethiopia's performance appraisal process, how employees' performance objectives are linked with the organization's strategic objective, the contribution of performance appraisal on achieving organizational goals, and also the common errors that affect the performance appraisal practice.

The study employed both questionnaires and interview to collect primary data. The interview was held with 3 management staff members of the organization who are the performance evaluators. These managers are male and have 8-10 years of working experience in Camara Ethiopia. For this study, 13 questionnaires were distributed and all 13 questionnaires were properly filled and collected. The general profile of the respondents showed that 15.4% of the respondents are female whereas the remaining 84.6% are male. Regarding to the age profile of the respondents pertain that 84.6% of the respondent's age were found between 25-35 years. The educational background of the respondents showed that 84.6% of the respondents were bachelor's degree and above. Regarding the respondent's years of experience at Camara Ethiopia, 46.2 % of the respondent have 2-4 years of working experience at the organization.

The result of the descriptive statistics and the interview analysis about how performance appraisal is conducted showed that the majority of employees strongly disagree with the statement of receiving formal performance appraisals twice a year. Above half of the employees agree on the performance evaluating criteria are clearly communicated, the majority of respondents have agreed that they have the opportunity to evaluate their own performance. The majority of the respondents agreed that they have discussed performance appraisal results with their evaluator and the company accepts employee's complaints after performance appraisal.

The result of the descriptive statistics and the interview about the link between employee performance objectives and Camara Ethiopia's strategic objective showed that the majority of

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respondents agreed that they have set performance objectives based on the organization's strategic objective and also on their performance appraisal is derived from the organization's goals. Most of Camara Ethiopia employees understand that their performance is evaluated to know their job accomplishment potential and by the reverse, they disagree with the statement of the performance appraisal form used for their performance appraisal is customized based on the characteristics of their job. The respondents also agreed on their performance is evaluated against the target performance objective set within the evaluation period.

The result of the descriptive statistics about the contributions of performance appraisal towards achieving the business objectives of Camara Ethiopia showed that the majority of respondents agreed on the organization uses performance appraisal results to identify the strengths and weaknesses of the employee and also to identify their training needs. The performance appraisal practice motivates employees to improve their job performance which helps them to achieve organizational goals whereas the employees disagreed that Camara Ethiopia uses performance evaluation results to determine pay and promotion decisions, and also for employee carrier development.

The result of the descriptive statistics about the most common errors made by supervisors at Camara Ethiopia during performance appraisal showed that the majority of employees agree that their supervisor has adequate knowledge and skill to evaluate them. Most of the respondents proved that their supervisor is not biased by his/her perception while evaluating employees' performance and also the evaluator is not influenced by personal liking/disliking i.e. similarity error. The majority of Camara Ethiopia employees believed that their supervisor evaluates them based on specific incidents of good or poor performance i.e. halo error. They also thought that their supervisor always gives them average results even if their performance is good or poor (central tendency error).

## 5.2. Conclusions

Based on the summary of major findings, the following conclusions are derived.

- The findings of the study indicate that the organization has a good habit of allowing its employees to evaluate their own performance and also clearly communicating the organization's performance appraisal criteria.

- Camara Education Ethiopia has a good experience of allowing employees to discuss their performance appraisal results with the evaluator and also accept employee complaints after performance appraisal. This indicates that a participatory type of performance appraisal is being applied within the organization during evaluation which shows the existence of transparency.

- Camara Ethiopia fails to evaluate the performance of its employees twice a year. This shows that the organization's performance appraisal practice is less frequent.

- Camara Ethiopia staff members set their performance objectives based on the organization's strategic objectives and the performance appraisal is derived from its organizational goals.

- Employees of Camara Ethiopia understood that performance appraisal is conducted to know their job accomplishments.

- The performance appraisal form used to evaluate employees' performance is not customized based on their job characteristics. This shows that Camara Ethiopia uses a uniform performance appraisal form and this will not allow the organization to identify the exact performance of employees.

- Camara Ethiopia evaluates its employee's performance against the target performance objectives set within the evaluation period. This proves that employee performance appraisal is linked with the strategic objectives of the organization.

- Camara Ethiopia uses performance appraisal results to identify the strengths and weaknesses of its employee and also to identify their training needs area.

- Camara Ethiopia staff members are motivated by the organization's performance appraisal practice. This will help employees to improve their job performance and achieve organizational goals.

- Camara Ethiopia fails to use performance appraisal results to determine pay and promotion decisions and also the organization is not using performance appraisal results for employee carrier development.
- Camara Education has assigned knowledgeable and skillful supervisors to evaluate its employee's performance and these supervisors are not influenced by their perception and also by personal liking/disliking of employees at the time of evaluation.
- Performance evaluators have the weakness of evaluating employees' performance based on a specific incident of good or poor performance and also giving an average result even if the performance of employees is good or poor.

## 5.3. Recommendations

Upon the conclusion of the study, the researcher forwarded the following recommendations:

➢ This study found out that Camara Ethiopia has a good repetition of allowing its employees to evaluate their own performance and also keep communicating the performance evaluating criteria clearly. Thus, the organization has to keep this in order to get the best performance appraisal result.

➢ It will be better to assess the performance of employees at least twice in a year. This will give Camara Ethiopia to understand their employee's performance status and take corrective actions before it is too late in achieving the target set within the period.

➢ It was found that Camara Ethiopia uses a uniform performance appraisal form. In order to identify whether their employees are on the right track towards achieving organizational goals, the organization should customize its performance appraisal form based on the characteristics of its employee's jobs. This also helps to identify the training needs of employees related to their job.

➢ As it is proven that Camara Ethiopia is not using performance appraisal results to determine pay and promotion decisions, it is recommended that to use performance appraisal result pay and promotion decisions. This provides the basis for unbiased pay and promotion decisions and allows employees to engage with their job.

➢ Camara Ethiopia will be benefited by using performance appraisal results for its employee carrier development. A proper carrier development plan based on performance appraisal

result will motivate employees to be competent and also enables to have stable staff members. Organizations with stable human resources are more productive.

➢ Camara Ethiopia should give more orientation for evaluators to avoid halo errors and central tendency errors. This enables the organization to measure the exact performance of its employees.

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# Appendix I – Questionnaire

## ST. MARY'S UNIVERSITY

## SCHOOL OF GRADUATE STUDIES

### Questionnaire to be filled by Camara Education Ethiopia staff member

Dear respondent,

First, I would like to express my sincere appreciation for your precious time, genuine and quick responses in advance.

This questionnaire is designed to collect information about Camara's performance appraisal practice. The information will be used only as primary data to the research I am conducting titled "*Assessment of Employees' Performance Appraisal Practice: The Case of Camara Education Ethiopia*" as partial fulfillment of my study at St. Mary's University in completing my Master's Degree in Business Administration (MBA).

I would like to assure you that this research is only for academic purpose and it is authorized by St. Mary's University.

**General Instruction**

- ➤ This questionnaire should be filled anonymously
- ➤ Put [**X**] mark on the answer you choose

**NB:** If you have any question regarding this questionnaire, feel free to contact me through:

- ➤ **Mobile:** +251 912 35 94 69
- ➤ **Email:** alexbeky777@gmail.com

**Section I: Background Information**

1. Sex

Male ☐　　　　　　　Female ☐

2. Age

Below 25 ☐　　　　25-35 ☐　　36-45 ☐　　46-55 ☐　　Above 55 ☐

3. Education qualification

Below bachelor degree ☐　　　Bachelor degree and above ☐

4. Years of experience at Camara Education Ethiopia

Less than 2 years ☐　　　　2-4 years ☐　　　5-7 years ☐　　　8-10 years ☐

**Section II: Statements Related to Performance Evaluation Practice**

Please mark [**X**] on your level of agreement on the following statements using Likert's rating scale.

1=Strongly Disagree (SD) 2=Disagree (D) 3=Neutral (N) 4=Agree (A) 5=Strongly Agree (SA)

| No. | Procedures of Performance Appraisal Practice | 1(SD) | 2(D) | 3(N) | 4(A) | 5(SA) |
|---|---|---|---|---|---|---|
| 1 | I receive a formal performance appraisal twice a year. | | | | | |
| 2 | The performance appraisal criteria are clearly communicated. | | | | | |
| 3 | I have the opportunity to evaluate my own performance. | | | | | |
| 4 | Performance appraisal results are discussed with the evaluator. | | | | | |
| 5 | The company accepts any employee complaint after employee performance appraisal. | | | | | |

| No. | The Link Between Employees Performance Objectives and the Organization's Strategic Objective | 1(SD) | 2(D) | 3(N) | 4(A) | 5(SA) |
|-----|----------------------------------------------------------------------------------------------|-------|------|------|------|-------|
| 6 | I have set performance objectives based on the organization's strategic objective. | | | | | |
| 7 | My performance appraisal is derived from the organization's goals. | | | | | |
| 8 | The performance appraisal form used for my PA is customized based on the characteristics of my job. | | | | | |
| 9 | My performance is evaluated against the target performance objective set within the evaluation period. | | | | | |
| 10 | My performance is evaluated to know my potential job accomplishment. | | | | | |
| No. | Contribution of Performance Evaluation on Achieving Organizational Goals | 1(SD) | 2(D) | 3(N) | 4(A) | 5(SA) |
| 11 | The organization uses performance appraisal results to identify the strengths and weaknesses of the employee. | | | | | |
| 12 | The organization uses performance appraisal results for employee carrier development. | | | | | |
| 13 | The organization uses performance appraisal results to identify training needs. | | | | | |
| 14 | The organization uses performance appraisal results to determine pay and promotion decisions. | | | | | |
| 15 | The performance appraisal motivates employees to improve their job performance and achieve organizational goals. | | | | | |
| No. | Common Performance Appraisal Errors | 1(SD) | 2(D) | 3(N) | 4(A) | 5(SA) |
| 16 | My supervisor has adequate knowledge and skill to evaluate me. | | | | | |
| 17 | My supervisor evaluates my performance based on his/her perception. | | | | | |

| 18 | The evaluator is influenced by personal liking/disliking while evaluating my performance. | | | | | |
|----|---|---|---|---|---|---|
| 19 | My supervisor evaluates my performance based on specific incidents of good and poor performances. | | | | | |
| 20 | My supervisor always gives me average results even if my performance is good or poor. | | | | | |

# Appendix II – Interview Questions

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**Guided Interview Questions to be answered by Camara Education Ethiopia management staff members**

These guided interview questions are designed to collect information about Camara's performance appraisal practice. The information will be used only as primary data to the research I am conducting titled "*Assessment of Employees' Performance Appraisal Practice: The Case of Camara Education Ethiopia*" as partial fulfillment of my study at St. Mary's University in completing my Master's Degree in Business Administration (MBA).

I would like to assure you that this research is only for academic purpose and it is authorized by St. Mary's University. Your response will be kept confidential and anonymous.

**Interview Questions:**

1.  How frequently is performance appraisal is conducted in a year?
2.  Are the evaluation criteria clear and objective?
3.  What are the bases for the supervisors to rate employees' performance?
4.  Does the performance setting process involve employees?
5.  Can the performance appraisal criteria identify the strengths and weaknesses of employees?
6.  What are the contributions of performance appraisal results in achieving organizational goals?
7.  What are the major challenges of conducting performance appraisals?
8.  Do performance evaluators have adequate knowledge and skill to evaluate their subordinates?