



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTER OF BUSINESS ADMINISTRATION

**ASSESSMENT OF PERFORMANCE APPRAISAL PRACTICES ON
EMPLOYEE'S PERFORMANCE IN THE CASE OF PRODUCTIVE
IMPROVEMENT AND CENTER OF EXCELLENCE**

BY
SEBLEWENGEL ALEM CHANE

December, 2022
Addis Ababa, Ethiopia

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
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Declaration

I, Seblewengel alem, the under signed, declare that this thesis entitled: Assessment of Performance Appraisal Practices on Employee's Performance In The Case Of Productive Improvement and Center of Excellence" is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

Name of Student

Signature

Date

ENDORSEMENT

This is to certify that the thesis entitled: “Assessment Of Performance Appraisal Practices On Employee’s Performance In The Case Of Productive Improvement And Center Of Excellence”, submitted in partial fulfilment of the requirements for the degree of Masters of Business Administration program of the Postgraduate Studies, St. Mary’s University and is a record of original research carried out by Seblewengel Alem, under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

Advisor

St, Mary’s University, Addis Ababa

Signature & Date

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LIST OF ABBREVIATION/ACRONYMS

A – Agree

D – Disagree

PICE- Productivity and center of Excellency

PA – Performance Appraisal

PF – Performance Feedback

PMS – Performance Management System

R – Reward

SA – Strongly Agree

SD – Strongly Disagree

SPSS – Statistical Package for Social Sciences

I = Immediate supervisor

P = Peers(Colleagues)

S = Subordinates

E = Employee himself/herself

C = Customers

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ABSTRACT

Performance appraisal, though an important function of human resource management, has not received the degree of concern it deserves. This function, if properly exercised by organizations, can serve a number of purposes, mainly administrative and developmental in nature. However, despite these intended goals, this study has tried to address each of the above and other related issues by taking productivity improvement and center of Excellency. As a case study organization accordingly, samples from the company staff members (both managers and non managers) were selected and administered .The study has used descriptive study Random sampling and Purposive sampling technique was used to give equal chance of participation and questionnaires distributed to 163 employees. While the practice by productivity improvement and center of Excellency. has been that immediate supervisors are the people in charge of appraising employees, response from the sample respondents has indicated that others such as peers, subordinates, customers, or any combination of these should be allowed to participate if the process is expected to be more effective. It is identified that the appraisal format addresses different aspects of employee performance with traits being the dominant ones. It is also found out that the company adopts the rating scales method of appraisal. Although the existing practice of appraising employees twice a year has got the highest support among the sample respondents, some have suggested a more frequent time period for increased effectiveness.

CHAPTER ONE

1. BACKGROUND TO THE STUDY

Introduction

This chapter presents the background information of the study on effective performance appraisal management, statement of the problem, research questions, research objectives, relevance of the research and summary.

1.1 Background to the Study

According to Randall (2011), performance appraisal, on the other hand, is a formal, structured system of measuring and evaluating an employee's job, related behavior, and results to determine how and why the employee is currently performing on the job and how the employee can perform more effectively in the future so that the employee, organization, and society can all benefit as a result. Performance appraisal data also enables management to assist with career planning. Pay increases for training and development, decisions on promotions and job placements, and evaluations of the effectiveness of related activities like recruiting, selection, and placement are all related. Although the evaluation must focus on tangible or provable criteria, some of them may be challenging to directly measure. Employee performance evaluation has evolved into a crucial component of an organization's drive for competitive advantage, according to Strebler (1997), as referenced by Nyaoga (2010).

The process of evaluating an employee's prior performance is appropriately described in a performance assessment, and clear instructions are provided; in other words, management corrects an employee's performance. Performance evaluation systems give management the chance to look back on past events as well as give feedback to employees on how they are performing, allowing them to improve their performance and learn new skills. The majority of firms use evaluation data to decide reward outcomes, either directly or indirectly. In other words, the evaluation results are used to determine which employees perform better and should receive the bulk of merit pay raises, bonuses, and promotions. Dessler (2015)

Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at or after a review meeting. It has been discredited because too often it has been operated as a top-down and largely bureaucratic system owned by the HR department

rather than by line managers (Michael, 2013). Performance appraisals are used to assess an employee's performance and to communicate that performance to the employee. Performance appraisal has been considered as the most significant tool for an organization. It provides knowledge which is highly useful in making decisions regarding various aspects such as promotions and merit rating. It is helpful in preventing grievances because it is a definite aid to management in promoting fairness to employees. It provides accurate information which plays a vital role in the organization as a whole. If valid performance data are available, i.e. timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system (Manmohan, 2013).

Employee's performance appraisal is a subject of great interest in any organization. In every organization, employees play a vital role in determining its survival (Rusli Ahmad, 2007). The term performance appraisal is sometimes called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. Performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set standard or objective (Ahmad and Bujang, 2013). Performance appraisal is good because it makes employees to work hard and fulfill their responsibilities hence, contribute to the overall performance of the organization. However, unless performance appraisal performed effectively, it may not help the organization to achieve the objectives of conducting it in the first place that is, to improve organizational performance. There is an increasing body of critical literatures addressing the role and theory of appraisal. According to Torrington (2005) performance appraisal is designed and imposed by the HR function hence it sometimes leads to have little ownership of the system by line managers. It seems like a process of form filling exercise for someone else's benefit and with no practical value to performance within the job. Hence, this throws some lights on the use and effectiveness of performance appraisal in organizations. Scholars stipulate that although many appraisal systems are still inexistence and continue to be updated, performance management systems are increasingly seen as the way to manage employee performance and have incorporated than appraisal/review process (Ibid.) Moreover, for long time, productive improvement and center of Excellency were operating in the traditional public administration system using forms of evaluation taken from many institutions. This led to the need for a mechanism that will make workers work hard to meet the organization objectives and to serve the growing public expectations (MCT, 2010) inherited this system.

According to Maund (2001), appraisal is a key component of performance management of employees. When effective, the appraisal process reinforces the individual's sense of personal worth and assists in developing his/her aspirations. Bekele et al., (2014). Meysen, Mohammad and Ebrahim (2012), Maimona (2011), and Behery and Patron (2008) also attest that performance appraisal has significant impact on employee's performance. Cokin (2004) also admit that performance appraisal system is important for organizations, as it mainly focuses on employees to develop their capabilities. In the same vein, Malcolm and Jackson (2002) the benefits of performance appraisal to the organisation as the effective basis for retention of employees, reward decisions; targeted training based on identified needs and future employee promotion decisions. In another study, Jonsson and Jeppesen (2012) relate the benefits of performance appraisal to affective commitment on the part of the employees. They opined that employees can influence the growth of the organisation through commitment leveraged by effective relationship between individuals including supervisor-subordinate relationships.

In order to survive and wax stronger in this global competition, employees have to be aware through performance appraisal system (Kumbhar, 2011). In line with this assertion, Grote (2011) observes that an organization without a suitable and consistent performance appraisal will experience failure and poor performance of its employees. Chemedda (2012) also opines that to continue enjoying efficiency and effectiveness of members of staff, each organization has to carry out employee performance appraisal from time to time so as to keep them in check and replace, motivate, retain or take any other appropriate action.

Employee performance is outcomes achieved and accomplishments made at work (Anitha, 2014). Delery and Doty (1996) supposed that strategic approaches and organizational structure of company to improve the performance of human resources are significant tools for achieving organizational objectives.

Productive improvement and center of Excellency employs various managers, financial personals, administration, logistics, transport, technical, operational, engineering departments, trainers and personals. Working with this kind of enterprise the researcher aims to assess what is the current way in which they manage their employees and how do they evaluate their employees, and how do they reward their employees and do employees know what performance evaluation is.

The researcher wants to see if the many individuals in the firm who hold various positions have been fairly evaluated. The researcher is interested in determining whether the employee's

performance will be impacted by the way performance appraisals are conducted. To create recommendations for a better performance appraisal system that would aid the business in establishing a fair, proper, and efficient career development path for its employees, this study explicitly aims to identify the performance appraisal systems on employee performance.

1.2 Statement of the Problem

The success of every institution depends on the quality and commitment of its human resources. In order to ensure continued efficiency and effectiveness of members of staff, each organization has to carry out employee performance appraisal from time to time to keep them in check and replace, motivate, retrain or take any other appropriate action.

It seems that performance appraisal is not given the proper attention and exercised periodically more as a usual practice than as a tool of motivation based on which various administrative and developmental decisions are taken. Moreover, Productivity Improvement and Center of Excellence do not have a formal practice of giving performance feedback to their employees on a timely basis and do not encourage their managers to engage in appraisal discussions, which help make employee performance related problems explicit thereby enhancing organizational productivity through motivating employees to improve their performance. Most employees consider performance appraisal as a tool of punishment for unfavourable performance, even as a threat to their stay with the organization, than as one that aims at stimulating better future performance through enabling employees to learn from their past mistakes so that they contribute their best to the good of both parties in the future. At last, certain factors related both to the instrument of appraisal and the appraiser seem to undermine effective utilization of the performance appraisal system.

Performance Appraisal instruments (forms) burdened with non-job-related criteria against which employees' Job-related performances are appropriate to be evaluated and lack of rater training and Personal bias, is a challenge for performance appraisal systems in meeting their intended Purposes . Although the student researcher has, it is evident that performance related problems would be among the major reasons underlying the high staff turnover, low productivity and increasing number of customer complaints, many organizations are experiencing. By analyzing the different major aspects of employee performance, the problem related to this issue can be minimizing into large extent. Generally, employee performance has the positive relationship with the performance of the organization as a whole. This research tries

to solve out the problems associated with the employee performance appraisal in Productivity Improvement and Center of Excellence. However, there is no empirical study has been conducted to determine the Assessment of performance appraisal system on employees' performance in tvt colleges in general dissatisfaction by staff members with the way in which they are evaluated or appraised. This study seeks to evaluate the Assessment of the performance appraisal system to employees' performance. It is therefore, set to determine and assess the effects of performance appraisal system in productive improvement and center of Excellency.

1.3 Objective of the Study

1.3.1 General Objective

The main purpose of this study is to Asses performance appraisal on employee performance the case of productivity improvement and center of Excellency.

1.3.2 Specific Objectives

The study had the following specific objectives:

- i) To asses employees perception about performance appraisal system productivity improvement and center of Excellency
- ii) To explore the extent to which employees' knowledge of the appraisal system leads to effective employees' performance in productivity improvement and center of Excellency.
- iii) To assess the extent to which performance appraisal management leads to effective employees' performance in productivity improvement and center of Excellency.

1.4 Research Questions

The study was guided by the following research questions.

- i) To asses employees perception about performance appraisal system productivity improvement and center of Excellency?
- ii) To what extent does employees' knowledge of the appraisal system lead to effective employees' performance in productivity improvement and center of Excellency?
- iii) To what extent does performance appraisal management lead to effective employees' performance in productivity improvement and center of Excellency?

1.5 Significance of the Study

It is expected that findings from this study show of importance to the management and members of staff improve the overall performance of the Excellency Center. However, the findings of the study was serve as a stepping stone for future researchers who will be interested in this study or other related studies improve the overall performance of the Excellency Center.

1.6 Limitations of the Study

There were certain limitations while conducting the research work. The study was carried out on productive improvement and center of excellence with a limited sample size of 163 employees. It was a time consuming exercise due to difficulty in extracting information from them. Moreover, some employees were reluctant to reveal the complete information.

1.7 The Scope of the Study

The scope of this study was concerned to address the objective of the study. The study will be conducted in productive improvement and center of excellence. About 163 questionnaires will be distributed among employees of the company. An interview would be conducted with 5 managers who are responsible for rating the performance of their subordinates and with 5 employees. The findings of the study would indicate the effect and degree of relationship between performance appraisal and employee's performance. The finding helps to understand the Assessment of performance appraisal on employee's performance.

1.8 Thesis Outline

The thesis was divided into five chapters. Chapter one is an introduction of the study. It presents the background, purpose, research questions, significance of the study, scope of the study and thesis outline. Chapter two focuses on Literature Review and the conceptual meaning of performance appraisals, theoretical analysis and empirical studies. Chapter three focuses on the research methodology and discusses the appropriateness of the method of data collection. Chapter four presents the findings, analysis and discussion whereby the results pertaining to each objective are discussed and lastly, Chapter five which presents the conclusion, recommendation from the study findings and recommendations for future research.

CHAPTER TWO

2. LITERATURE REVIEW

Introduction

This chapter is concerned with the definition of key concepts used in this study, review of theoretical analysis, empirical studies, conceptual framework, and the underlying theories related to the study. Also it describes the elements or variables used relationships between the elements and statement of hypotheses.

● **Performance Appraisal**

The ability of employees to innovate, use their talents and expertise, collaborate successfully, and treat customers fairly is what makes people valuable human assets in many of today's sectors. Physical and monetary resources are frequently necessary, but innovation and human resourcefulness are frequently more significant as "differentiators" and as sources of long-term competitive advantage. Maybe this applies to many different sectors (Harvard, 2016). The importance of human assets in business competition explains why every company and every manager needs a system for making the most of the company's people resource. Everyone benefits when an organization has effective performance management:

1. Shareholders observe better results, because the human assets of the organization are top-notch and working in unison toward key goals.
2. Managers are more successful, because their subordinates are doing the right things well.
3. Employees experience greater job security, career advancement, and fatter paychecks, thanks to outstanding performance (Harvard 2006).

Performance is frequently described simply in output terms as the accomplishment of quantifiable goals, as was noted at the opening of this chapter. Performance, however, involves both what people accomplish as well as how they do it. The Oxford English Dictionary's definition of performance, which reads, "The completion, execution, carrying out, or working out of anything commanded or undertaken," supports this by containing the word "carrying out" in it. Effective application of the necessary knowledge, skills, and competences leads to high performance. This is especially true in discretionary conduct. In order to determine what needs to be done to enhance those results, performance management must look at how results

are obtained. A formal way of evaluating an employee's performance is performance appraisal because this information enables analysis of what needs to be done to improve results, performance management must look at how results are obtained. An official way of determining how well each employee is performing in relation to set objectives is performance appraisal. Its ultimate goals are to promote high performance, express personal goals, offer constructive criticism, and lay the groundwork for a development strategy that is effective (Harvard 2015).

As per Greg and Kenneth (2018) performance appraisal is the process of measuring what employees contribute to the organization. It is the necessary but difficult part of managing others. Indeed, for many managers, performance appraisal is near the top of the list of undesirable duties. What makes this task so tough? One reason managers dislike performance appraisal is the difficulty of capturing all areas of contribution. Employees give in a number of different ways, and it is often hard to accurately evaluate their efforts with a numerical score. Another reason is that many employees seem to feel that performance ratings are biased. They see the process as sometimes unfair. A starting point for opinion about performance measure is to consider ways in which evaluations can be inaccurate. Performance appraisal is the specific and formal evaluation of an employee to determine the degree to which the employee is performing his or her job effectively.

- **Performance Appraisal Approaches**

Performance can be managed by focusing on employee attributes, behaviors, or results. In addition, we can measure performance in a relative way, making overall comparisons among individuals' performance. Finally we can develop a performance measurement system that incorporates some variety of the preceding measures, as evidenced by the quality approach to measuring performance.

- **The behavioral approach:** The behavioral approach to performance management attempts to define the behaviors and employee must exhibit to be effective in the job. The various techniques define those behaviors and then require managers to assess the extent to which employees exhibit them (Noe, 2018).
- **The comparative approach:** The comparative approach to performance measurement requires the rater to compare an individual's performance with that of others. This approach usually uses some overall assessment of an individual's performance or worth

and seeks to develop some ranking on the individuals within a work group. At least three techniques fall under the comparative approach: ranking, forced distribution, and paired comparison (Noe et al 2018).

- **The attribute approach:** The attribute approach to performance management focuses on the extent to which individuals have certain attributes (characteristics or traits) believed desirable for the company's success. The techniques that use this approach define a set of traits-such as initiative, leadership, and competitiveness- and evaluate individuals on them (Ibid).
- **The Results Approach:** As per Noe et al (2018) the results approach focuses on managing the objective, measurable results of a job or work group. This approach assumes that subjectivity can be eliminated from the measurement process and that results are the closest indicator of one's contribution to organizational effectiveness. The researcher examined two performance management systems that use results: management by objective and the productivity measurement and evaluation system.
- **The Quality Approach:** The two fundamental characteristics of the quality approach are a customer orientation and a prevention approach to errors. Improving customer satisfaction is the primary goal of the quality approach. Customers can be internal or external to the organization. Statistical process control techniques are very important in the quality approach. These techniques provide employees with an objective tool to identify causes of problems and potential solutions. These techniques include process-flow analysis, cause-and-effect diagrams, Pareto charts, control charts, histogram, and scatter grams (Noe et al 2018).

- **Performance Appraisal System**

Aguinis, (2007) indicated that performance management system usually include measures both behaviors (what an employee does) and results (the outcomes of an employee's behavior). In order to realize the purpose of performance appraisal, organizations should carefully design appraisal system and implement accordingly.

The first phase in the performance evaluation procedure, according to (Noe et al, 2016), is determining what will be measured. At first appearance, this procedure seems very straightforward. Nonetheless, it might be rather challenging in practise. The critical initial stage in the appraisal process is the identification of performance dimensions. If a significant

dimension is missed, employee morale is likely to suffer because employee who do well on that dimension will not be honoured or compensated. If a dimension is overlooked, the employee will not be honoured or compensated. Employees might view the entire appraisal process as pointless if an irrelevant or trivial factor is included. Employee performance is measured in the second step of the performance appraisal process. In order to reflect an employee's performance on the stated traits or dimensions, measuring employee performance includes assigning a number. Technically, using numbers is not required. Labels like "Great," "Good," "average," and "Poor" could be used in its place. Performance management is the third stage of performance evaluation. More is needed than only formal reporting and yearly evaluations for the management of human performance in businesses. Both formal face-to-face interviews and casual day-to-day interactions between managers and employees are part of a thorough appraisal process. even though the ratings themselves are significant More than formal reporting and yearly evaluations are necessary for the efficient management of human performance in businesses. A thorough appraisal process comprises both formal face-to-face interviews and casual day-to-day interactions between managers and employees. Although the evaluations are crucial, how managers use them is even more crucial.

- **Performance Appraisal Methods**

Gilley, Quatro, and Dixon (2014) state that a variety of techniques can be employed singly or in tandem to evaluate performance, including:

Rating scales: these approaches involve the predetermination of a number of factors against which performance will be evaluated and the identification of a ‘quantity’ measure of performance for each one.

Performance-based: the manager rates specific job related requirements associated with an employee’s position. Identifying where an employee falls on a “below expectations” to “exceeds expectations” scale is a quick way to accurately assess performance. It involves filling out a standard rating-scale form, making the process fairly fast and simple. The job-related requirements that are measured must be the same for all employees who hold the same position, to be fair and equitable.

Behaviorally anchored rating scale (BARS): Similar to standard rating scales but based on factors that reflect behaviors identified as necessary for the achievement of high performance in the job in question.

- **Ranking and forced distribution methods:** These seek to compare the performance achievement between all the employees being considered. In its simplest form, ranking seeks to provide a list of all employees from the highest performer to the lowest performer. Forced distribution seeks to categorize all employees into performance bands based on set proportions in each band.
- **Critical incidents:** Assessing performance using this approach requires the boss to identify important events (critical incidents) that demonstrate effective and ineffective performance by the individual. These would then form the basis of the discussion about performance during the appraisal review.
- **Essay approach/Narrative:** This approach simply presents the boss with a blank sheet of paper and requires them to describe in their own words the performance of the subordinate. This would then be discussed with the individual during the appraisal meeting. This can be a very subjective means of evaluation, with the writer often discussing more personality based traits of the individual versus measurable job skills. It can be used as a way to “soften the blow” of a less than favorable appraisal. The effectiveness of a narrative is directly related to the writing skills of the manager. If used alone, it does not allow for a rating comparison of several employees.
- **Management by objectives:** This approach involves the identification of key tasks, projects and other objectives that the individual has to achieve during the review period. At the end of that period the achievement of each objective would be used to identify the performance implications.
- **Top-down:** Several management-level members rate the performance of an employee.
- **Upward:** The employee rates the performance and effectiveness of the manager.
- **Peer review:** Peers and team members rate the employee’s performance. Care must be taken in choosing unbiased peers, and the manager must decide how much weight is given to each peer’s feedback in order to reach a fair result. This method can be used when a manager has limited contact with the employee.
- **Self-assessment:** Employees rate their own performance. A self-assessment can be implemented into all Performance Appraisal methods.
- **360-degree review:** This method relies on feedback gathered from people throughout an organization, and at varying professional levels, who have worked with the

employee. This includes the manager, peers, and customers (both internal and external).

- **Continuous feedback:** The appraisal process is conducted more than once per year (usually 2–4 times). This allows for constant monitoring, communication, feedback, and modification of performance and goals.
- **Follow-up reviews:** Continuation of the appraisal process when training/development opportunities are scheduled, short-term goals are evaluated, and progress is discussed. These are often conducted within several weeks of the main appraisal meeting.

Who performs the performance appraisal?

The choice of who will do the appraisal and what data will be used is another crucial part of performance appraisal. The most frequent appraisers are superiors, peers, one's own assessment, subordinates, and clients (Angelo and Ricky 2013).

- **Supervisors:** They are perhaps the most frequently used sources of information in performance appraisal. The assumption underlying this approach is that supervisors usually have the most knowledge of the job requirements and they have the most opportunities to observe employees performing their jobs. At the same time, it should also be recognized that supervisors are not necessarily a perfect source of information (Angelo and Ricky 2013).
- **Peers, colleagues, and coworkers:** They represent other potential sources of information for performance appraisal systems. An advantage of using peers in a performance appraisal process is that, by definition, they have expert knowledge of job content and they may also have more of an opportunity than does the supervisor to observe the performance of a given worker on a day-to-day basis. Friendship, group norms, and other personal factors may intervene in this situation. And individuals may see their own performance as being significantly different than others perceive it in the group (Angelo and Ricky 2013).
- **Subordinates:** A third source of information in the performance appraisal process is subordinates of the individual being appraised. Subordinates are an especially important source of information when the performance of their own manager is being

evaluated, and this information is perhaps most useful when the performance appraisal is focused on the manager's leadership potential (Angelo and Ricky 2013).

- **Self-Evaluation:** In many professional and managerial situations, individuals may frequently be asked to evaluate their own performance. The rationale for this approach is that, more than any other person in the organization, an individual is in the best position to understand his or her performance at an appropriate level. Of course, the biggest negative aspect of using self-rating is the tendency on the part of many people to inflate their own performance (Angelo and Ricky 2013).

Customers: The inclusion of customers might be accomplished through techniques such as having customers fill out feedback forms or respond to mail surveys whenever they use the services of an organization. A final source of information in the performance appraisal system is customers. The advantage of this method is that customers are the lifeblood of an organization and it is very helpful to managers to know the extent to which customers feel that employees are doing a good job. On the other hand, this method may be expensive and may be able to tap only certain aspects of an employee's job (Angelo and Ricky 2013). One important detail for any manager to recognize is each source of performance appraisal information is subject to various weaknesses and shortcomings. As a result, many organizations find it appropriate and effective to rely on different information sources when conducting performance appraisal.

360-degree feedback is an approach to performance appraisal that involves gathering performance information from people on all sides of the manager—above, beside, below, and so forth (Angelo and Ricky 2013).

- **Performance appraisal Process**

The following six steps are part of the performance appraisal process, according to DeCenzo (2015). Along with your team, establish performance standards. Share your expectations, genuine performance measurement. Comparing performance to expectations, if necessary, go over the appraisal with the employee before taking corrective action.

- **Establishment of Performance Standards** The appraisal process begins with performance standards establishment in accordance with the organization's strategic goals. These should evolve out of the company's strategic direction and, more specifically, the job analysis and the job description. These performance standards should also be clear and objective enough to be understood and measured. Too often,

standards are articulated in ambiguous phrases that tell us little, such as “a full day’s work” or “a good job.” What is a full day’s work or a good job? A supervisor’s expectations of employee work performance must be clear enough in her mind so that she will be able to, at some later date, communicate these expectations to her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards (DeCenzo , 2015).

- **Communicating Expectations** Once performance standards are established, it is necessary to communicate these expectations; employees should not have to guess what is expected of them. Too many jobs have vague performance standards, and the problem is compounded when these standards are set in isolation and without employee input. Communication is a two way street: mere information transfer from supervisor to employee is not successful communication (DeCenzo, 2015).
- **Measuring Actual Performance** The third step in the appraisal process is performance measurement. To determine what actual performance is, we need information about it. We should be concerned with how we measure and what we measure. Four common sources of information frequently used by managers address how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure. Selecting the wrong criteria can produce serious, dysfunctional consequences. And what we measure determines, to a great extent, what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually set in the first two steps of the appraisal process (DeCenzo, 2015).
- **Comparing Actual Performance with Standards** The fourth step in the appraisal process is the comparison of actual performance with standards. This step notes deviations between standard performance and actual performance. The performance appraisal form should include a list and explanation of the performance standards. It should also include an explanation of the different levels of performance and their degree of acceptability against the performance standard. This provides a valuable

feedback tool as the manager moves on the next step, discussing the appraisal (DeCenzo , 2015).

- **Discussing the Appraisal with the Employee** As we mentioned previously, one of the most challenging tasks facing appraisers is to present an accurate assessment to the employee. Appraising performance may touch on one of the most emotionally charged activities—evaluation of another individual’s contribution and ability. The impression that employees receive about their assessment has a strong impact on their self-esteem and, importantly, on their subsequent performance. Of course, conveying good news is considerably easier for both the appraiser and the employee than conveying bad news. In this context, the appraisal discussion can have negative as well as positive motivational consequences (DeCenzo, 2015).
- **Initiating Corrective Action if Necessary** The final step in the appraisal is the identification of corrective action where necessary. Corrective action can be of two types: one is immediate and deals mainly with symptoms, and the other is basic and delves into causes. Immediate corrective action is often described as “putting out fires,” whereas basic corrective action touches the source of deviation and seeks to adjust the difference permanently. Immediate action corrects problems like mistakes in procedures and imperfect training and gets the employee back on track right away. Basic corrective action asks how and why performance deviated from the expected performance standard and provides training or employee development activities to improve performance. In such cases, appraisers could downplay the fact that they don't have enough time to make even the most basic corrections and must instead be content to keep putting out fires. Smart managers understand that spending some time today analysing an issue could stop it from getting worse tomorrow (DeCenzo, 2015).

- **Reasons for conducting performance Appraisal**

As just noted, most managers may be unhappy with various facets of the performance appraisal process, but most would agree that they are nevertheless very important (Angelo and Ricky 2015). One reason why appraisals are so important to organizations is that they provide a benchmark for assessing the extent to which *recruiting and selection* process are adequate.

Performance appraisal is also important because it is-or at least should be fundamentally linked to an organization *compensation* system. In theory, organizations prefer to provide greater rewards to higher-performing employees and lesser rewards to lower-performing employees. To provide this compensation on a fair and equitable basis, however, it is important that the organization can differentiate between its higher and its lower performing employees. Managers want to know that they are giving the appropriate rewards to employees for appropriate reasons. Performance appraisal plays a big role in this process (Angelo and Ricky 2015).

Performance appraisal is also important for legal reasons. Organizations must be able to demonstrate that their promotions, transfers, terminations, and reward allocations are based on merit (or the lack thereof), as opposed to some discriminatory factor such as gender or race. Performance appraisal, therefore, is the mechanism by which the organization can provide this *documentation*. Managers must be able to rely on performance appraisal information to demonstrate that all of their important employment related decisions have been based on the actual performance of those affected by the decisions. Without proper performance appraisal, an organization is subject to concerns or charges that there is at least the impression that promotions and other rewards may be based in a factor or factors other than actual performance (Angelo And Ricky 2015).

Performance appraisal also plays an important role in employee *motivation and development*. Most people want to know how well they are doing so that they can correct their deficiencies, capitalize on their strengths, and improve their overall contributions to their jobs. Again, performance appraisal provides this information to employees. An individual who is told that he or she is doing well on three dimensions of his or her job performance but needs to improve on a fourth dimension recognizes how managers see him or her and knows where to allocate additional developmental work and effort in the future (Angelo and Ricky 2015).

Finally performance appraisal provides valuable and helpful information to the organization's *human resource planning* process. For example being aware of the distribution of qualified employees within the organizational system is an important factor for managers to know. And performance appraisal helps provide this information to managers (Angelo and Ricky 2015).

- **Effectiveness of Performance Appraisal Systems**

To meet the vision, mission, objective, goals and targets of an organization or an institution, everyone should set clear and precise methods of PA system objectivity. If so, effective output of PA system leads an organization to prosper specially, in the environment where formal learning and other similar activities are held. As a result of, every employee's awareness leads to set and control how to implement effective PA system. Mathis et.al (2018 pp. 390) discusses that an effective PA system has about five main characteristics.

Validity: Comes from capturing multiple dimensions of person's job performance.

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

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

Flexibility: it opens to modification based on new information such as federal requirements.

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

2.1 Theoretical Literature Review

2.1.1 Performance Appraisal Methods

Three broad areas are closely related to performance appraisal. Firstly, the development of appraisal instruments to accurately and objectively measure the human performance. Secondly, a focus on supervisor and employee characteristics and their potential bias on performance appraisal ratings, thirdly, the uses and types of performance appraisal systems within organisations (Scott and Einstein, 2015).

Approaches to performance appraisal range from relatively simple techniques, such as ranking and traits rating to the more complex method of behaviourally anchored scales (Tyson and York, 2013). Techniques also vary with regard to temporal emphasis, either focusing on the past through rating and ranking or using management with the aim of providing a future focus.

According to Erasmus *et al* (2013) the techniques to conduct a performance appraisal may be categorized according to the type of criteria used. Trait-oriented methods including trait scales, behaviour-oriented methods such a BARS or criticalincidents and results-oriented methods including the MBO method can be 14 used. The techniques can secondly be classified according

to the main objective that the appraisal serves such as comparative objectives, which include relative standards or developmental objective that include absolute standards.

- **Trait Scales**

The appraisal system contains a list of personality traits or qualities such as motivation, innovativeness and adaptability. The judge or manager performing the 15 appraisal assigns a value or number to each trait, indicating the degree to which the employee owns the quality (Ibid.)A variation of this system requires the manager to evaluate the employee on each of several trait labels, with short definitions and along the line containing a variety of adjectives. In most cases, the trait-rating scales are informally analyzed to ascertain which personality traits should be included in the system.

The trait-rating scales may be broadly defined and the criteria such as meet requirements or exceed requirements are also not clearly defined. This makes the trait scales very difficult to legally defend because it is difficult to prove the job relevance. Without specific job related criteria, the system is vulnerable to rater error such as halo effect, positive or negative leniency and central tendency. The scales also make it difficult for a manager to identify training and development needs. The manager essentially asks the employee what they are and not what they do (Swan, 1991).

- **Management by Objectives (MBO)**

Erasmus *et al* (2003) argue that this system concentrates on setting and aligning individual and organizational goals but it can also be used for evaluating performance. Participation in the setting of objectives allows managers to control and monitor the performance by measuring outcomes against the goals that the employees helped to set. Bagraim *et al* (2013) state that the MBO system should keep employees focused on the deliverables of their job and in this way, the organization would have delivered on a strategic promise.

- **Essay Method**

The supervisor or manager is required to have a skill on writing a report on each employee (Tesema Ezezew, June, 2019). He or she must compose a brief essay outlining each employee's performance during the rating period, free of charge. Instead than focusing on individual task data, this format stresses the evaluation of overall performance, based on the strengths and weaknesses of worker performance. The essay method decreases supervisory or

managerial bias by requesting specific example conduct from supervisors. It can be difficult to find the time to write individual articles about each employee. Essay assessments are not acceptable for evaluation analyses; fifty essays summarizing the performance of various workers cannot be linked to opportunities for merit raises and promotions because there is no common denominator. The fact that the evaluator might be an equally skilled essay writer is another inherent shortcoming of this methodology. Compared to a demanding writer or supervisor, a skilled writer can convey a more dramatic circumstance concerning an employee. As a result, the rating's quality is mostly determined by the rater's writing skills rather than the work of the employee.

- **360-Degree Appraisal Method**

Essentially, performance assessment on individual employees involves a wide spectrum of people including internal and external customers, suppliers, peers, team members, superiors and subordinates (Erasmus *et al*, 2013). The information can be gathered by using formal and structured interviews, informal discussions, surveys and observations. The appraisal information used in feedback to the employee and it serves as an important input for career development and training. The broad spectrum ensures a good evaluation of the workers' strengths and weaknesses and it enhances self-insight to develop to one's full potential. This approach fits with the current trends in leadership thinking.

- **The Open Performance Review and Appraisal System (OPRAS)**

According to (Issa, 2013), OPRAS is a system, which requires every public servant to sign an individual performance agreement with his/her immediate supervisor which sets performance targets for the year. The performance agreement contains objectives, targets, performance criteria and resources required for implementing the performance agreement. The agreement is the basis for staff performance appraisal. The performance agreement derives its annual targets from the annual plan and budget. This link cascades down the implementation of plan to individual staff and thus enhances individual accountability. 18 On the other hand, each MDA is required to prepare a CSC that informs clients and stakeholders the type of services offered, service standards and service commitments, service delivery approach, the rights and obligations of the clients and complaints channel/mechanism in case the services offered are below the set standard. The Open Performance Review and Appraisal System (OPRAS) is an open, formal, and systematized machine fashioned to hold both employers and employees in

planning, managing, and evaluating with the intend of achieving organizational goals(Johnson, 2000).

- **Ineffective Performance Appraisal**

An organization that conducts performance appraisal system can be ineffective if it is not conducted well. Several attitudes of managers may cause these ineffective such as; lack of willingness to accept ownership of responsibility to appraise people, lack of acceptance of the fact that appraisal should be a biannual or annual stock taking activity and lack of skill about setting performance standards against which to appraise. On the other hand, Gupta (2016) shows different limitations of performance appraisal. Among them are errors in rating. He adds that performance appraisal may not be a valid indicator of performance and potential of employees due to the tendency to rate an employee consistently high or low based on overall impression and stereotyping because of his age, sex, or religion.

- **Theory X and Y**

One of the first leadership experts, McGregor, expressed faith in the leadership skills and efficacy of common workers. One of his ideas was to have staff members evaluate one another using the well-known Theory X/Theory Y paradigm. McGregor encapsulates it in this phrase. The ability to think, plan, exercise judgement, be creative, guide and manage one's own behaviour is what makes a human being uniquely valuable at every level of an organisation (McGregor, 2013). McGregor splits the manager's preconceptions about the employees into two different categories in Theory X and Theory Y. According to Theory X, employees lack motivation; threats are required to push them; they avoid work because they despise it and shirk all responsibilities. Work is as natural as rest for Theory Y employees, who desire responsibility and detest threats. They also want to fulfil their need for respect and self-actualization. Theory X managers believe that their staff members are disobedient and lazy, and that they must be reined in by rewards and punishments if they are to be productive. On the other side, Theory Y managers view their staff as enthusiastic, diligent, innovative, and eager for responsibility (Pfeiffer at al, 2013).

Therefore, this theory Y applies to this study while theory X does not since Theory Y's assumptions about people and their work created a space for bringing in an environment where they can feel motivated to perform at their best. Employee motivation often depends on the style of the managers, while the managers with theory X assumptions are characterized by certain

traits, for example authoritarian style and tight control. Thus (McGregor, 2013) argues that Theory Y managers will succeed more at having motivated employees.

Contingency theory means that one thing depends on other things and for organizations to be effective; there must be a “goodness of fit” between the restructure and the conditions in their external environment. As such, the correct management approach is contingent on the organization’s situation (Daft, 2013). Contingency theory represents a rich blend of organizational theory such as organizational decision-making perspectives and organizational structure (Donaldson, 2015). The essence of the contingency theory paradigm is that organizational effectiveness results from fitting characteristics of the organization (such as its cultures) to contingencies that reflect the situation of the organization (Ibid).

2.2 Empirical Studies

The literature review shows the importance of performance review, effects of performance appraisal system on employees and how it affect their performance., However, many scholars have put clear the importance and the right process for employee evaluation and the studies are categorized as world related studies.

The process of performance appraisal must be a continuous activity that is carried out on a regular basis, according to Mishra's (2013) analysis of the Employee Appraisal System at the Hong Kong and Shanghai Banking Corporation (HSBC Bank). With the efforts of HR, performance appraisal plays a crucial part in helping organizations achieve their stated goals by monitoring employee behavior and overall performance within the company. Gaining organizational success is also made easier through performance reviews and employee feedback. According to the study, performance reviews should be conducted so that management may benefit and so that employees would be motivated to take the necessary action.

The bank of Botswana's performance appraisal system was experimentally assessed with the aim of determining the purposes of performance appraisal, the effectiveness of PA, and the difficulties associated with the PAS currently in place, according to Migiro and Taderera (2018). It has come to the conclusion that in order for the Bank's performance appraisal system to be successful and achieve its goals, the following difficulties must be resolved: Regular training for both employees and evaluators, openness in how the assessment system is implemented, the provision of ongoing feedback to employees on their performance, and the minimization of inconsistencies in the system utilized throughout the bank are all important. Based on these, the

study has suggested that the bank train both the staff and the evaluators on the pay-based appraisal method.

By using a 300-person sample size and the purposive sampling technique, Aschalew (2015) evaluated the employee performance appraisal practices of productive improvement and center of Excellency. According to the findings of this study, the bank's performance rating system lacks uniformity and consistency because there is no written policy to direct it. Furthermore, the bank's staff members are not involved in establishing performance standards and are unaware of the performance's intended outcome. It has been noted that the rater does not receive any training regarding how to conduct performance evaluations. Productive improvement and center of Excellency would do better if it established written policies and guidelines for its process and system for performance reviews, according to the study's major recommendation.

The study also recommended that the bank's appraisal criteria be created from a job analysis with the participation of the employees and that the goal of performance reviews be made plain to all bank employees. Also, the study made the suggestion that it would be preferable if rates or supervisors received training. With the specific goals of examining the effectiveness, the process, issues with the practice, and investigating the employees' perceptions of the fairness of the center performance appraisal practice, Fikirgenet Getachew's study from (2016) assessed the performance appraisal practice of the Company. The process of performance appraisal is crucial to effective HRM since it is closely tied to organizational performance. The administrative objective of performance appraisal can also be utilized as a motivational tool by recognising successful performance and rewarding; whereas the developmental purpose guides on the required abilities, competences and behaviors by giving trainings. In keeping with this, the study attempted to evaluate United Bank S.C.'s performance appraisal procedure. The study employed a mixed-methods approach, with the major data being gathered through unstructured interviews and questionnaires. Use of the 95% confidence level was used to calculate the sample size. Ten questionnaires were distributed to special branches, 43 to Grade "A" branches, 87 to Grade "B" branches, and the remaining 188 to Grade "C" branches as part of the stratified sample strategy utilised in this study. When Cronbach's alpha was used, it was determined to be acceptable. According to the study, the bank's appraisal system lacks acceptability and sensitivity because of the subjective rating criteria, which are inconsistent with the workers' job descriptions. The bank's assessment process does not adhere to the six scientific steps, and judgmental errors have

also been identified. Moreover, employees' perceptions of the bank's appraisal process' fairness are not favorable. Hence, in order to improve the effectiveness of its appraisal system, productive improvement and center of Excellency. should change its performance appraisal manual and criteria. Also, the rater must receive adequate training in order to prevent judgment blunders and establish an accurate evaluation system.

Nyaoga (2010) conducted a research study on the effectiveness of performance appraisal systems in private Universities in Kenya, Kabarak University in particular. 25 His study shows that performance appraisal system is the only tangible metric way by which an organization can know the level of performance of its diverse employees. Although most employees were aware of the type of performance appraisal system used in the private universities, such systems were not based on any serious formal purpose for which they were designed. The purpose of the study was to examine the issues associated with performance appraisals and identify proven and suitable methodologies, which will result into a process that is credible, equitable and the one that reinforces the desired organizational directions. The procedures developed for this study were aimed at overcoming these issues. This was achieved by evaluating the need for performance appraisals, problems associated with various methodologies and examining the qualities that need to be measured both in terms of the individual and organization and identifying the means of improving organizational performance. The research found that the current processes within the QFRA focus on dealing with diminished performance issues. Subsequently, the efforts of the individual are not necessarily aligned with the desired organizational direction and little incentive exists amongst managers to challenge the current processes or encourage risk taking to improve service delivery.

On a variety of personnel-related topics, Kularni (2018) conducted a nationwide open survey of the business's employees. The study's main goal was to determine how well performance reviews worked in actual organisations. He conducted a poll across the different organisations and came up with the following results: Just approximately 14% of the workers claimed to be aware of the criteria used by their managers to evaluate their work in the yearly private reports. Of the remainder, 31% had some broad knowledge but were unaware of any specific criterion, while 55% had no idea what the criteria were at all. Approximately 68 percent of the workers thought the boss should be questioned about his performance and given the chance to offer suggestions. Of the remainder, 31 percent knew something about the requirements in general but were unaware of any specific criteria, and 55 percent had no idea what the criteria were at all. The

assessed should be interrogated about his performance and given the chance to offer input for his performance appraisal, according to around 68 percent of the workforce.

The study seems to be not comprehensive and relevant to the present study as its findings cannot be applicable to this study as the survey itself was conducted in financial institutions, which have different direction as the public institutions the selected institutions mainly base on service provision contrary to companies, which are for profit maximization.

Another study was conducted by Walsh (2019) on perceived fairness of and satisfaction with employee performance appraisal in Southern United States. This 27 study investigated the employees' reactions to fairness of and satisfaction with an existing performance appraisal system utilizing a hypothesized four-factor model of organizational justice as the theoretical basis (Greenberg, 2013). The data were obtained via a survey questionnaire from 440 participants from two organizations that were part of a large public employment system. The findings of the study indicated that respondents perceived the performance appraisal system to be fair as indicated by their agreement with nine of the 10 scales used to measure reactions to fairness.

The conceptualized four-factor model was not found to represent the underlying factor structure substantially better than alternative plausible three-factor models. The best-fit three-factor model however, provided some support for the differentiation between procedural and interactional organizational justice factors, which is a distinction that has been debated in the organizational justice literature. Rao (2014) conducted a study on a performance appraisal in public sector in India. The objective of the study was to know if the performance appraisal helps to recognize their strength and weaknesses. The survey of 588 officers of large public sector company in India indicated that about 98 percent of the respondents felt that the appraisal system should help to recognize their strength and weaknesses. A high percentage of them (over 60 percent) recognized that it is very difficult to have objective assessment in any form of appraisal because human factors are always involved. This survey seems to have been conducted in a company that operates traditional appraisal system. This study focuses on an open performance appraisal program that is based on direct engagement between the appraiser and the appraised. The above study seems to be comprehensive and relevant to the present study as it lays a good foundation for studying the effectiveness of 360-degree performance appraisal practices in public institutions. However, it shows the gap of time whereby it was conducted 32 years ago and a gap of place, India, quite a different place in terms of economic development and geographical location. This study therefore, A qualitative research design was used. The sample for the

investigation was drawn from a population of 417 employees, all from nine departments. Proportionate stratified sampling was used to select representative units of measurement. Questionnaires were then distributed to the random sample of 79 respondents but seventy of them were returned with 88% responses therefore contributing to the general ability of the findings. Empirical results indicate that the system is used to identify employees for promotion and to decide on salary awards.

However, it was also found that, the reward outcomes did not always show a positive reflection of the performance appraisal outcomes, and that the system was not consistent. The article identified issues that need to be address for the company's 29-performance appraisal system to be effective and meet its objectives: regular training for both the employees and the evaluators, transparency in the implementation of the appraisal system, provision of continuous feedback to employees on their performance and reduction of inconsistency in the system across the company. Notwithstanding that, the study had limitations in the sense that the appraisal of the appraisal system is done only in one organization, the company of Botswana. In addition, the researcher used only one method to collect data, the questionnaire, thus, limiting the chances for triangulation of the information obtained from the survey. The study highlights the unique challenges of the PAS in the company and provides suggestions for its improvement.

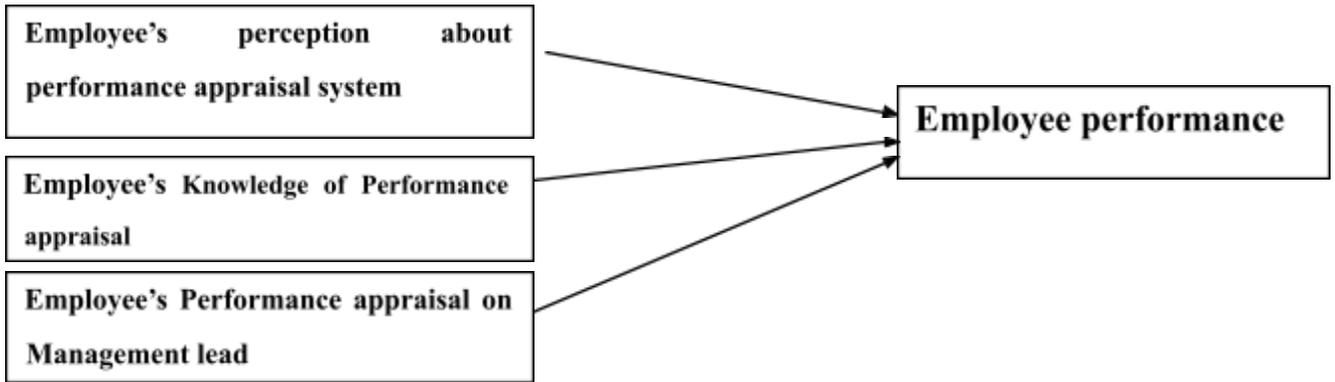
Conceptual Framework

Performance reviews are said to be a method that improves productivity and employee motivation in addition to being a great source of insightful feedback on future training and development needs. Ineffective appraisal systems that are subject to subjective judgments, errors, biases, and favoritism, on the other hand, will impede the growth of the overall organization and personally irritate individual employees, which will ultimately result in their departure and the failure of the organization, according to Levy, Silverman, and Cavanaugh (2015).

This study looked into the performance evaluation procedures used at the productive improvement and center of Excellency. Performance appraisal justification, the notion of performance appraisal towards the employee, performance appraisal practice, performance appraisal technique, performance appraisal necessity, and performance appraisal problems are the factors examined in this study.

Independent variables

dependent variable



CHAPTER THREE

3. RESEARCH METHODOLOGY

Research Approach and Method

The Methodology deals with the research design and methodology, techniques and methods of Sampling, data collection, data processing and data analysis.

3.1 Research Design

Based on the purpose of a study, both descriptive and explanatory research designs were employed. The descriptive research design is used to describe the quantitative data about the status of strategic human resource management practices and organizational performance; whereas the explanatory research design will be used to test the effect of strategic HRM practices on organizational performance. The survey method allows the investigation of possible relationships between variables. In this way, the survey design was more appropriate for the study because it enables the data collection from the broader category as well as comparisons between variables. The dependent variable in this study is employee's performance while the independent variables are performance appraisal practices. For the interpretation of the result, both explanatory and descriptive designs were used.

3.2 Research Approach

The main purpose of the study was to investigate the effect of performance appraisal on employee performance the case of productivity improvement and center of Excellency which demands collection of some numerically expressed results regarding the matter. As a result, the researcher believes that quantitative dominant mixed research design which requires survey method to be employed would be used. To support and address the gap in qualitative design, an open ended questionnaire could be employed and the results would be discussed.

3.3 Data Source

Primary and secondary data have been collected from both primary and secondary source. Primary data collected using, open-ended and closed ended questions and secondary data gathered from various documents such as annual performance evaluation reports, performance evaluation formats, annual plans, reference books, reference materials unpublished sources, policies, regulations and guidelines of the academy.

3.4 Population and Sampling Technique

Primary data collected from employees of the company. The companies have a total of **248** employees. Random sampling technique use to give equal chance of participation. Managers and team leaders are selected purposefully in order to assess their opinion on the performance appraisal practice as raters. Purposive sampling will use with the view that managers would give relevant data that would help in assessing the performance appraisal practice of the company. Non-manager employees randomly select. Here too, the reason is to give equal chance of participation to the employees. Total of **163** questionnaires distribute to the employees. Hence, sample size is $n=N/(1+NE^2)=248/1.62=163/ 62\%$ of the population. Accordingly, two types of questionnaires, one for managerial and the other for non-managerial respondents, questionnaires distribute to 163 employees of the company.

3.5 Data Collection Procedures

As discussed above in the sources of data section prepare and distributed to 163 employees of the center. The questionnaires were first test before distributing to the respondents to check their viability. The questionnaire test was done by distributing 15 questionnaires (5 for managers, 10 for non manager staffs). Convenient sampling was used to test the questionnaires. After testing and making revisions, questionnaires were finally distributed to sample respondents convenient sampling was use to test the questionnaires. After testing and making revisions, questionnaires finally distribute to sample respondents. As to interview, questions for the discussion are ready before hand and the responsible HR directorate are contacted for arranging a meeting. With consent of the respondent interview time was scheduled. During interview, data is collected by taking notes of the proceedings of the discussion based on the discussion questions designed.

3.6 Data Analysis

Data collected from respondent employees through questionnaires and interview discussions are analyzed and interpreted to arrive at meaningful findings. Analyze the collected responses from questionnaires. After proper editing, data coded; entered to the software and then made ready for analysis. A descriptive statistical technique is adopted for analysis of data collected from questionnaire respondents. In so doing frequency tables and percentages will be used. This helped the researcher thoroughly analyze and interpret the questions one by one in order to reach meaningful results. Data collected from interview discussion is also incorporated in the data discussion and interpretation part of the study. Hence, the results are easily interpreted to assess performance appraisal practice at Productivity Improvement and Center of Excellence. Conclusions will be drawn based on the data analysis and interpretation.

3.7 Ethical Research consideration

The researcher addressed ethical considerations of confidentiality and privacy. I used a rigorous and conscious effort at all times to sustain this promise. A guarantee was given to respondents that their names should not be revealed in the questionnaire and research report. In order to ensure the success of the research, leaders link to subordinates in such a manner that each subordinate's response remains anonymous apart from being linked to a particular leader. Moreover, participants received a verbal and written description of the study, and informed consent is obtained before the survey. Participation in the study was voluntary, and all participant responses are confidential. Finally, a copy of the final report will be given to the organization if necessary.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This chapter focuses on analysis and findings of the research based on the responded questionnaires, interview, documentary review and observation. The presentation has been made according to specific research objectives and research questions derived from the literature review.

4.1 Performance appraisal process in Productivity Improvement and Center of Excellence

As a matter of fact, it is the Human Resource Management (HRM) that is responsible for the initiation and accomplishment of such major personnel issues as human resources planning, recruitment and selection, placement, training & development, determination of employee compensation schemes, performance appraisal, promotion, demotion, transfer and layoff, of course with continuous assistance and feedback from top management wherever necessary. Accordingly, the HRM Division, by the beginning of every next appraisal period, takes the initiative to remind the concerned authorities in the various departments of Center, via formal or informal means, to carry out the periodic employee appraisal and send the filled appraisal forms to the division within fifteen days after lapse of the previous appraisal period. Concerned supervisors (managers) in the different organs then fill the employee appraisal forms (in three copies) for employees working under their supervision the results from which will be ascertained by the respective department head or area company manager before dissemination to the rates. After approval by the concerned authority, the supervisor would then distribute the filled forms to the respective employees. The latter, if they came up with any comments regarding their rating results, would write them on the space provided in the form for the purpose and would submit the form back to the supervisor or manager who may or may not initiate post assessment discussions with ratees. In most of the cases agreements are expected to be reached, in some way, between the supervisor and/or his/her boss and the ratee on the fairness of the latter's rating results. The department or area company after retaining a copy of the filled forms in the employee's personal file maintained at its level would then finally send the remaining forms to

the HRM that would be expected to consider the same for any subsequent personnel-related decisions.

4.2 Respondents' General Profile

In this section, respondents' general profile which includes age category, gender, educational background and service year in the company is discussed and its relationship with the study is explained. Data is collected from respondent employees through questionnaire. In addition to questionnaire, unstructured interview was undertaken with human resources department of the company. The table below summarizes the number of questionnaire distributed and collected from employees of the company, non-managerial and managerial employees.

- This section examines the general data provided by respondents. Respondents were questioned about their gender, age, level of education, position, and time spent working for the current organization. While not absolutely necessary for achieving the objectives, this information is crucial in assisting the researcher in assessing the respondents' potential to make meaningful contributions to the investigation. Table 2 displays the outcome.

Type of Employee	Questionnaire distributed	Questionnaire collected	Percentage of collection rate
Managers	28	27	96%
Non managers	135	126	93%
Total	163	153	94%

Table 1. summary of Questionnaire Distribution and collection Rate

Source: Questionnaire, December 2022

As indicated in the table above, from a total of 163 questionnaires distributed 153 (94%) responses were collected and the remaining 10(6%) were not collected due to different reasons. From this can be said is that adequate number of questionnaires were returned that enabled the researcher assess performance appraisal practice at the center.

Table 2. Bibliographical Profile of Respondents

Total number of respondents	Non-supervisors		Supervisors/Managers		Total	
	Frequency	%	Frequency	%	Frequency	%
	126	100	27	100	153	100
Sex						
M	52	41	25	93	77	50
F	74	59	2	7	76	50

Source: Questionnaire, December 2022

As shown on the above table, out of the total 126 non-supervisor respondents 41% of the respondents are found to be male and 59% of the respondents are female. For the 27 supervisors/Managers respondents 93% of them are male and the rest 7% are female. So in total, 50% of the respondents are male and the remaining 50% are female.

Age						
Below 25	62	49	0	0	62	49
25-35	17	13	4	15	21	14
35-45	28	22	19	70	47	31
45-55	13	10	3	11	16	10
Above 55	6	5	1	4	7	5

Source: Questionnaire, December 2022

Responders spanned a variety of ages, out of the total 126 non-supervisor respondents 49% of the of the respondents are below 25, 17% between 25 and 35 years, 28% between 35 and 45

years, 13% between 45 and 55 and the remaining 6% are above 55 years of age. For the 27 supervisors/managers respondents, 4% of the respondents are between 25 and 35 years, 19% are between 35 and 45 years, 3% are between 45 and 55 years, and the remaining 1% are above the age of 55. In total, 62% of the respondents are below 25, 21% are between 25 and 35 years, 47% are between 35 and 45, 16% are between 45 and 55, and the remaining 7% are above 55

Educational background:						
High school complete	3	2	0	0	3	2
Diploma	24	19	0	0	24	16
First Degree	76	60	12	44	88	58
Masters & above	23	18	15	56	38	25

Source: Questionnaire, December 2022

Responders also have a variety of educational backgrounds, out of the total 126 non-supervisor respondents 2% completed high school, 19% have diploma, 60% have first degree, and the remaining 23% have masters and above. For the 27 supervisors/managers respondents, 44% have a first degree and the remaining 56% have masters and above. In total, 2% completed high school, 16% have a diploma, 58% have first degree, and the remaining 25% have masters and above.

Job experience (Years):						
2 -5 Years	107	85	0	0	107	70
5-10 Years	19	15	3	11	22	14
>10 Years	0	0	24	89	24	16

Table 2. Bibliographical Profile of Respondents

Source: Questionnaire, December 2022

In regards to job experience of responders, out of the total 126 non-supervisor respondents 85% have 2 to 5 years job experience and the remaining 15% have 5 to 10 years job experience. For the 27 supervisors/managers respondents, 11% have 5 to 10 years job experience and the remaining 89% have more than 10 years of job experience. In total, 70% have 2 to 5 years of job

experience, 14% have 5 to 10 years of job experience, and the remaining 16% have more than 10 years of job experience.

4.4 Frequency of Performance Evaluation

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance appraisal depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient (Mullins 1996:501).

In line with this, the interview discussion made with HR directorate revealed that the company conducts performance evaluation bi annually. But, no reason is mentioned for conducting it twice a year than saying the policy document dictates

Respondents were asked to indicate their preference of frequency of performance evaluation and their response is depicted in table 3.

Time	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Monthly	11	9	0	0
Quarterly	42	33	9	33
Twice	67	53	16	59
Once a year	6	5	2	7
Total	126	100	27	100

Table 3. Employees' Response on Preference of Frequency of PA

Source: Questionnaire, December 2022.

As stated above 53% of non manager respondents prefer performance evaluation to be conducted twice a year while 59% and 33% prefer it to be every 3 months and twice respectively while 5% and 9% prefer it to be conducted once a year and every month, respectively. Similarly, 59% of managers prefer it to be conducted biannually while 33% said every 3 months, 9% said twice a year and 7% once a year. This shows that large majority of respondents (53% of non

managers and 59% of managers) are comfortable with the frequency in which performance evaluation is conducted (the company conducts biannually) with significant number of respondents 33% non managers seeking it to be conducted every 3 months respectively and 33% of managers preferring it to be conducted every 3 months. Interview discussion made with the HR directorate did not disclose any reason of the current practice of conducting performance evaluation biannually than saying the Policy document dictates.

Table 4. Employees' knowledge of performance expectations and satisfaction on job assignments

Q. 3. Non- Managers		Yes	No	Total
Are performance goals clearly communicated to you by your supervisors via job descriptions and Other statements of performance expectations?	Frequenc y	98	28	126
	Percent	78	22	100
Q.3 Managers				
Do you provide employees working under your supervision with job descriptions and clear Performance expectations?	Frequenc y	25	2	27
	Percent	93	7	100

Source: Questionnaire, December 2022

It can be observed from Table 4 above that the majority of the employees (78%) were provided with job descriptions and hence were well aware of the performance level that was expected of them. This fact is substantiated by the 93% response rate from supervisors of the employees who claimed to have provided their subordinates with job descriptions and clear performance expectations. Although the figures indicate that it is quite safe to conclude that there is the practice of providing employees with job descriptions, the fact that 22% of the employees and 7% of the supervisors did not come up with such a practice indicates that there is more to do on this aspect. The variations in the response rates of the two categories of respondents may be linked to attribution tendencies each has on the other for any failure in performance of duties.

An informal interview with some employees also has revealed that although they were provided with their job descriptions, they had little or no involvement in designing the contents of the latter. Hence the employees perceive job descriptions as something imposed on them by their bosses rather than as guiding tools for the accomplishment of their duties. Consequently they do not want

to refer to the descriptions in their day-to-day activities rather than relying on intuition that builds in them as they gain experiences from their colleagues and adapt to the work culture of their units. Moreover, it is stated that job descriptions are prepared on the basis of what the job in different positions of the company requires without due regard to who the occupants of those positions are and what capabilities and special talents they have. This may require occupants of those positions to either underperform or over perform particularly if they have to strictly adhere to job descriptions, which in turn would lead to loss of motivation on the job.

Q.4 Non- Managers				
Do you feel satisfied with the kind of job you are Performing? In other words, is your present assignment in line with career plans to move up the organizational hierarchy?	Frequency	88	38	126
	Percent	70	30	100

Table 5. Employees’ knowledge of performance expectations and satisfaction on job assignments

Table 5 further demonstrates that a greater portion (70%) of the employee respondents is satisfied with the kind of job they are performing. As part of their satisfaction, these employees also have found their present assignment being in line with the career objective they want to achieve in their organization. However, while the response rate in favour of job satisfaction is quiet encouraging, it is equally worthwhile not to undermine the 30% employee job dissatisfaction response rate. It is often said and, of course, substantiated by research that “a happy worker is a productive worker.” Hence employees who are satisfied with their job will have better performance than those who are not. Moreover, absenteeism and turnover will be less likely for satisfied employees than for dissatisfied ones. An important role of a performance appraisal system is identification of employees’ career development objectives. It is hard to imagine undertaking an employee’s performance appraisal while in the first place the employee shows little or no interest in the nature of the position or the job he/she is assigned to perform. It is natural that human beings, at least in most cases, would prioritize their personal goals over organizational goals, which may sometimes prove to be counter opposite to each other. Higher level of employee performance and organizational effectiveness would be expected only when a reasonable degree of congruence is achieved between the two sets of goals. One possible measure that can be taken by organizations in this respect may be the latter’s continuous

engagement in the provision of career opportunities to their employees and the launching of career development and advice programs taking into consideration the employees' real talents and capabilities to pursue in that career. Doing so would benefit the company in many ways such as enhancing person-job and person-organization fits, reducing turnover and boosting productivity. A related question (Q. 4), posed to the supervisory (managerial) respondents as to whether they are actively engaged in the assignment of their subordinates in their area of interest thereby assisting the latter in achieving their career development objectives, has revealed that although initial staff placement is the mandate of the HRLD, most of them are found involved in some sort of activities that would help them realize this objective once the employees are assigned to their department/area company. The following are among those practiced by the respondents:

- Rotating employees in the different work units of the company which would enable the employees to broaden their knowledge of the different tasks which would in turn give them the chance to identify those areas in which the employees would be best interested in.
- Rather than engaging in job rotation which may sometimes create confusion to the employee adapting to different jobs, some have used a strategy whereby the employee is made to concentrate on his/her present job that would enable him/her to gain deep knowledge of the job. Proponents of this strategy believe that the employee would either find himself/herself interested in the job or arrange in some way with his/her superiors to get a transfer that would enable to satisfy the purported career objective.
- Carrying out periodic performance review meetings (like the experience of the Fund Management & Accounts Department that does it on a quarterly basis) in which strengths and weaknesses in employee performance would be pinpointed for appropriate action.
- Others have pointed out that although behaviour is dynamic and complex and consequently difficult to predict or identify people's interests and inclinations, their departments/area company's tend to avoid monotonous working procedures and are engaged in triggering self initiations in the design of jobs as far as that would enable achievement of corporate objectives.

On the contrary, few supervisors (managers) have responded that they made no efforts in assisting their subordinates to find themselves in the right career path pushing this responsibility to the HRLD which in most cases does not have direct contact with employees of other departments and area company's except through their superiors.

It is advisable that supervisors (managers) be continuously engaged in setting favorable working conditions to their subordinates so that the latter can realize achievement of their career objectives through effective search of their competencies.

4.5 Performance appraisal method and criteria

The company, in general makes use of the graphic rating scales method of performance appraisal whereby employee performance is compared to some set of predefined criteria. The appraisal form has five levels of grading for each factor or criterion of performance each of which is subdivided into four levels. All the criteria in the appraisal form are of equal weight. Thus employees' ratings for each criterion of performance are marked out of 10 points. The grading levels and the points assigned to them under the four levels of performance are summarized in the following Table.

Grading Level	Points Assigned			
	Little Less	Average	Above Average	High
Excellent	8.5	9	9.5	10
Very Good	6.5	7	7.5	8
Good	4.5	5	5.5	6
Fair	2.5	3	3.5	4
Poor	0.5	1	1.5	2

Table 5. Content of appraisal form

Source: Performance appraisal format of Productivity Improvement and Center of Excellence

The appraisal form also defines what constitutes excellent, very good, good, fair, and poor performance. Each criterion of performance on the form is broken down into specific measures that indicate the varying degrees of performance for a given performance variable. The total rating results a non-supervisory staff earns are divided by 16 (the number of criteria available for non-supervisory employees) and those for supervisory staff would be divided by 18 (the number for supervisory employees - with two additional criteria related to their supervisory capability, the 16 being essentially the same with those of non-supervisory staff).

The staff's total ratings would be determined by summing up his/her ratings for the different performance criteria from which an average rating result would be calculated to determine where in the grading level the staff's performance rating would lie. Most of the criteria in the appraisal form try to measure behaviour though there are few that relate to traits.

5. In your opinion who should evaluate employees' Performance appraisals?		I	P	S	C	I&P	I&S	I&E	I&C	I & Others	Total
Non-Managers	Frequency	52	3	3	5	16	8	9	17	13	126
	percent	41	2	2	4	13	6	7	13	10	100
Managers	Frequency	14	0	0	0	2	2	4	3	2	27
	percent	52	0	0	0	7	7	15	11	7	100
Total	Frequency	66	3	3	5	18	10	13	20	15	153
	percent	43	2	2	3	12	7	8	13	10	100

Table 6. Opinion who should evaluate employees Performance appraisals?

Source: Questionnaire, December 2022

4.6 who should evaluate an employee's performance?

According to current practice in the company, the responsibility for appraising employee performance lies on immediate supervisors. While appraisal by immediate supervisors may be supported in lieu of the latter's frequent interaction with employees and their knowledge of the employees' jobs, employees and supervisors may opt for others to take part in the appraising task.

Table 6 indicates preference of the sample respondents as to who should handle this task.

Representations:

I = Immediate supervisor

E = Employee himself/herself

P = Peers (Colleagues)

C = Customers S = Subordinates

Table 6 Employees' opinion on who should handle the performance appraisal task

Table 6 shows that employee appraisal by immediate supervisor has got the highest preference among the given alternatives by both the non-supervisory and supervisory (managerial) respondents. Accordingly, 41% of the non-supervisory and 52% of the supervisory (managerial) sample respondents have opted for employee appraisal by immediate supervisors. The Table also indicates that 41% of the non-supervisory and 52% of the supervisory respondents, though were in support of evaluation by immediate supervisors, had proposed some combination of the latter with other internal and external parties who either directly or indirectly have work relationships with employees. Among these combinations, the immediate supervisor's association with customers has got the biggest share both by the non-supervisory and the supervisory respondents each case. However, some respondents had qualified opinion on this issue stating that customer participation in the appraisal process should be limited to those employees whose place of assignment involves direct customer contact. Some respondents favouring employee appraisal by immediate supervisor also have additionally proposed involvement in the appraisal process of distant supervisors who in one way or another have the chance to view the employee's contribution. Others have proposed a sort of multi-person evaluation whereby the immediate supervisor, peers, subordinates and customers participate in the employee evaluation process. While such multi-person evaluations might be time consuming and too expensive to put in

practice, there is no reservation that they give complete, multidimensional picture of an employee's performance.

Having multiple rater's has the advantage of reducing rater errors, particularly central tendency, halo error, leniency, and primacy & regency. The management may consider an appraisal system whereby different combination of raters may be involved in so far as the costs of introducing such a system do not exceed the expected benefits.

4.7 Purposes of employee performance appraisal

Although it was not possible to find documentary record on what the intended purposes of performance appraisal in the company are and on other aspects of the appraisal system, interview with Human Resource Management (HRM) has revealed that employees' performance ratings, along with relevant work experience and educational qualification, are used as valuable inputs in determining who should get salary increment (bonus), promotion, and training and development. While this may be what the HRM actually does, what employees and managers of the company perceived of the real uses of the appraisal system, on the other hand, was different. The sample respondents were asked on whether they believe the company's appraisal system is meeting its intended purpose. Table 7, next page shows responses of the respondents. From Table 7, next page, it can be learnt that 73% of the non-supervisory and 70% of the supervisory (managerial) respondents do not believe that the performance appraisal system of the company is meeting its intended purposes. While it cannot be safely concluded that performance appraisal has no significance in determining employees' future in the company, the responses from the respondents indicate that one or a combination of the following might have accounted for their perception of the system:

- The lack of clear connection between performance and reward. So long as employees could not observe their efforts being accompanied by positive performance that eventually leads to rewards (which may be in the form of promotion, salary increase, or training & development) in a reasonably short period, they wouldn't be motivated and consequently their attitude towards the system's effectiveness would be distorted.

6. Do you think that the performance appraise System in your organization is strictly meeting its intended purposes?		Yes	No	Indifferent	Total
Non- Managers	Freq	32	92	2	126
	percent	25	73	2	100
Managers	Freq	7	19	1	27
	percent	26	70	4	100
Total	Freq	39	111	3	153
	percent	25	73	2	100
Non- Managers					
9. Is there any possibility of misusing the appraisal system by your Supervisor (rater) for purposes other than those intended by the organization?	Freq	52	68	6	126
	percent	41	54	5	100

Table 7. Response of sample respondents on matters related to purpose of performance appraisal system

- The subjectivity embodied in the appraisal instrument (the loose connection between performance criteria provided in the appraisal form and employee actual job performance) and the associated less probability that ratings would not be uniform across raters and might have caused employees to form a negative impression towards the system that their organizational rewards would not be determined by their performance ratings.
- Absence of clear and transparent communications between the Human Resources Department and the different work units on how employees' performance would be valued and what administrative decisions would be taken on that basis might form an impression in the employees that their performance records would be simply damped in their personnel files maintained with the department.

From Table 7, it can also be learnt that 41% of the ratee respondents believe that there is the possibility of misusing the appraisal system by their supervisors for purposes other than what the system ought to serve. This perception by the rates may create reluctance on the part of the latter in accepting ratings given by supervisors gracefully. Employees who are devoid of promotions and have stayed long in their current positions may probably come up with such perceptions attributing their failure to their supervisors' intentions of misusing the appraisal system. Supervisors should engage in open discussions with subordinates regarding performance issues and should stand cooperative in solving problems faced by the latter in the course of accomplishing their duties rather than using performance appraisals to threaten their subordinates, which creates an atmosphere of fear and misunderstanding. Conversely, subordinates should be encouraged to freely express their feelings, what so ever, about their work relationships with their superiors. In the absence of such transparency, organizational performance may be severely affected. Moreover, the employee respondents have suggested the following to ensure impossibility of misusing appraisal results by supervisors (managers):

- o Superiors should have adequate knowledge of their subordinates' job. In this way they can build their self confidence thereby avoiding their fear that competent subordinates may displace them from their positions.
- o Making the appraisal system as objective as possible, such as by giving higher weights to important job related matters that can be quantified thereby giving little room for manipulation of the ratings
- o Evaluations better be done by a committee of appraisers having direct or indirect work relations with the employee, rather than immediate supervisors alone
- o Introduction of a system of upward evaluation whereby superiors' performance is evaluated by their subordinates.
- o Involving raters in trainings that would allow them to maximize their rating ability and boost their ethical considerations (fairness) related to performance rating
- o Raters better aid their appraisals with documentation, wherever possible.

7. Do you think that the weights assigned for the criteria in the appraisal form are appropriate?		Yes	No	Indifferent	Total
Non- Managers	Freq	52	71	3	126
	percent	41	56	2	100
Managers	Freq	16	11	0	27
	percent	59	41	0	100
Total	Freq	68	82	3	153
	percent	44	54	2	100

Table 8. Opinion of sample respondents on the appropriateness of performance appraisal criteria

As to the appropriateness of the weights assigned to the performance appraisal criteria (Question No.7), 41% of the non-supervisor respondents answered in support, 2% were indifferent, while the remaining 56% were of the opinion that assigning equal weights to all the criteria would not be appropriate. On the other hand, the response rate in support of and against the appropriateness of the weights was 59-41 for the supervisory (managerial) respondents. Those respondents who objected the appropriateness of the weights have proposed that it would be better if job-related criteria, such as knowledge of the job, quality of work, etc., had higher weights than those not directly related to job performance, such as attitude, personality, etc.

Q1₀, To the questions “What criterion/criteria must be added (removed) from the existing appraisal form to enhance effectiveness of the appraisal system and how do you see use of the same appraisal format (in terms of content) across all levels in the organization irrespective of the nature of the job?” the following were the results from 27 supervisory (managerial) respondents: Hence better to utilize the same general format to all kinds of employees in the company.

- Others (18%) have different comments. Among those commented are: the need to add in the content a statement requesting the employee whether he/she is satisfied with his/her job and if not, why not?; appraisal criteria must be on the basis of the position an individual holds so that those criteria which do not relate to that position must be removed from his/her appraisal; some redundant criteria must be removed. One area

company manager has particularly suggested removal of the need for rater's comment on the potential of their subordinate for a higher position/greater responsibility as it is evident that supervisors (managers) do not usually deny giving positive remarks on this issue for fear of subsequent conflict with the subordinate.

The answers provided by non-supervisory respondents could be summarized as follows:

- It would be better to develop specific criteria for each specific position on the basis of job description rather than using the same general criteria to all positions. Thus evaluation criteria that are unrelated to some employees' job should be removed. Moreover, some have suggested that appraisal content should take into account employees' work experience, educational Qualification etc.
- Criteria about employee health situations should be removed as this may cause loss of morale to some employees who repeatedly experience health problems. Employees with such problems may feel alienated and be psychologically disturbed which would have negative impacts on the employees' future productivity. Some have suggested neatness and style of dressing under personality dimension to be removed from the form.
- A statement should be added in the comments part of the appraisal requesting on whether he/she is satisfied with his/her position and/or place of assignment. This, according to the respondents, would allow searching for the root cause for any employee performance related problems.
- The criteria put for the highest point, i.e., 10 seem to be unrealistic requiring performance perfection in each employee, better to make the points reasonably realistic.

In general criteria define performance dimensions against which employee efforts towards achieving organisational goals would be judged. Thus, such criteria need to be quantifiable and measurable as much as possible if they are to be relied upon as bases for any administrative as well as developmental decisions. In the absence of such degree of objectivity, it is unlikely to find that different raters rate the performance of the same employee in the same manner, nor the same performance criteria judged similarly.

Interview with the Human Resources Management of the company, has revealed that the Human Resource Department has devised ways to tackle the influence of such subjectivity on administrative decisions to be taken on the basis of employee performance ratings. Accordingly,

the Department makes use of employee performance ratings for at least three consecutive appraisal periods so that the employee's consistency in achieving similar or better result can be ascertained to consider him/her for the intended administrative decision. The Division Head further disclosed that this procedure would enable to judge the dependability of evaluator's rating ability through checking their consistency of subordinate rating in the different periods or to search for explanation for explanations for any big variations in the employee's rating results across periods.

A mismatch between employee job descriptions and performance criteria contained in the appraisal form may lead to non performance of certain activities on the part of the employees when appropriate measures are not provided for those activities. This may affect the overall performance of the organization when critical activities are not given particular attention in the performance appraisal. Weights reflect the relative importance of performance dimensions. Therefore, it is logical that those performance aspects that are invaluable for the successful accomplishment of a given job should receive a higher weight.

4.8 Employee access to appraisal results and post assessment Discussion

Questions on whether employees (subordinates) are allowed to view their appraisal results and conversely whether supervisors (managers) allow their subordinates to view their rating results were posed to the sample respondents. The respondents were also asked whether they engage in appraisal discussions and whether they come across with any disputes related to the feedback giving process.

Table 8 indicates that both parties to the appraisal system do have the same standing in relation to access to appraisal results. The findings also indicate that 72% of the non-supervisors were invited by their supervisors for appraisal discussions whereby they are encouraged to freely express their comments on their performance ratings. 97% of the supervisors, on the other side, have disclosed that they have engaged in open discussions with their subordinates allowing the latter to freely express any comments on their performance ratings.

8 Non- Managers		Yes	No	Total
Do your supervisors call for appraisal discussions where by you are encouraged to freely express your comments on your rating results	Freq	91	35	126
	Percent	72	28	100
10 Managers				
Do you engage in appraisal discussions With your subordinates there by encouraging them to freely express comments on their rating results?	Freq	25	2	27
	Percent	97	3	100
10. Non- Managers				
Have you ever been engaged in any sort of dispute with your subordinates due to the latter's	Freq	13	14	27
	Percent	48	52	100

Table 9. Employee access to appraisal results and appraisal discussion

Source: Questionnaire, December 2022.

The supervisory (managerial) respondents have forwarded the following benefits to showing employees of their performance ratings and inviting them to participate in post assessment discussions:

- Letting the employee (rate) know what his/her performance-related strengths and weaknesses were during the appraisal period just ended so that he/she improves the observed weaknesses and reinforce the strengths in future.
- Free discussions between rater and rate would in still sense of importance in the latter thereby strengthen the work relations between the two in the succeeding periods. This would motivate the employee to improve performance and allow the rater to see the otherwise obscured facet of their relationship.
- The discussions would give supervisors the opportunity to discharge their responsibility of guiding their subordinates in the right direction. Unless subordinates are informed of their strong and weak points, it would be difficult to expect improvement from them. Performance weaknesses of employees usually reflect badly on supervisors' leadership capabilities and the latter's success in developing subordinates.

- Free discussion among the parties would give subordinates the chance to air their voice on the strong and weak sides of the management that subordinates do not otherwise dare to raise other times in the normal course of their relationship. This clears misunderstanding between the parties involved and improves employees' perception of the appraisal system.
- With open discussions, attitude of one party to the other and to oneself would become explicit. Appropriate post assessment interviews would also be of help in minimizing perception of biases subordinates create in their supervisors when there was actually none. It would help the parties to make reconciliations in their views to each other thereby enabling them to change those attitudes that were formed on the basis of wrong perceptions of one to the other.

While the above are among the benefits of encouraging open post assessment discussion between supervisors (managers) and their subordinates, the following were cited by the respondents to be the associated costs:

- ❖ The discussion may open the door for unnecessary debate which may lead to one party's formation of bad attitude to the other. It may further aggravate ill-will and hostility.
- ❖ The practice may not work well for Ethiopians who in most cases are culturally bound not to accept face-to-face criticisms.
- ❖ The supervisor may not be loyal to explicitly state his/her subordinate's weaknesses on the spot – may prefer to recommend the poor performer for a possible administrative action by the concerned organ.

Although giving performance feedback is what is considered the most displeasing aspect of a manager's job, there is no point to omit this crucial task in so long as it is the only means to communicate employees what was right and wrong in employees' past performance habits. Supervisors should not rashly opt for secretly informing the concerned Human Resource Department before giving the employees the chance to openly discuss the reasons behind those weaknesses with them through which solutions may become evident. However, appraisers should be reminded that they may not be required to disclose ratings results to their subordinates

particularly when the appraisal is carried out with the initiation of management with the intention of making specific administrative decisions.

A supervisor (manager) must have the patience to handle performance appraisal discussions and must have good knowledge of conflict management as most employees might get nervous when told about their performance weaknesses, which they do not want to listen about. People in most cases commit the so called self-serving bias attributing success to themselves and blaming others when they are judged to the negative.

Table 9 also indicates that 48% of the supervisory respondents have had conflicts with their subordinates following performance feedback. Those who had this experience have managed the conflict through giving employees a sort of counselling so that the latter improve their weaknesses in the succeeding periods. All the respondents have favourably responded that their subordinates have improved subsequently as advised.

Given the following choices, the sample respondents were asked as to what their perceptions of the appraisal system in their organization looks like. The answers from the respondents are summarized in Table 10 below.

- A.** A mere evaluative tool that aims at magnifying subordinates' performance weaknesses
- B.** As a developmental tool that reinforces positive behaviours and stimulates improvement of weak performances in future
- C.** As a process that adds to the paper work of managers without benefits sought
- D.** As an administrative tool on which various administrative decisions are based
- E.** Other

Q.11 How do you perceive the Performance appraisal system in your organization?		A	B	C	D	A & C	A&D	B&D	Oth er	To ta l	Total B,D, B& D
Non- Managers	Freq	9	41	44	12	8	2	0	10	126	52
	perc ent	7	33	35	10	6	2	0	8	100	43
Managers	Freq	1	9	4	1	1	1	9	1	27	6
	perc ent	4	33	15	4	4	4	33	4	100	80

Table 10. Respondents' perception on appraisal system of the company

Source: Questionnaire, December 2022.

As far as perception of the respondents is concerned, Table 10 indicates that 43% of the nonsupervisory employees do perceive the company appraisal system as a mere paper work that adds the work load of managers, while the response rate for their counterpart supervisors (managers) was only 15%. The Table further displays that although the majority of the supervisors (80% from Table 9) do not think that the performance appraisal system of the company is meeting its intended objectives, just equal portion of them (80%) perceive the system as either a developmental or administrative tool or a combination of these. Only 43% of the nonsupervisory respondents have this similar perception.

These findings regarding differences between non-supervisors' and supervisors' (managers') perceptions of the appraisal purpose appear to be related to differences in the roles the two parties play in the appraisal process. As appraisers, supervisors (managers) are most likely to convince themselves of the real significance of the appraisal system, while subordinates, as appraises on the other side, may render the system unimportant, building negative attitudes towards it.

It is said that people's behaviour is based on their perception of what reality is, not on reality itself. Accordingly, no matter what the reality behind the purposes of performance appraisal at the Human Resources Department, unless efforts are made to change employees' perception of

the system, employees would continue to behave in similar fashion with little or no regard to what the effects of their performance ratings, which may at times lead to loss of initiative and productivity.

Table 11 Employee opinions on problems of the appraisal system

Which of the following problems apply to the performance appraisal system of your organization?

		A	B	C	D	A&C	A&D	B&C	B&D	C&D	ABC	Other combines	Total
Non supervisors	Freq	6	31	28	21	4	3	6	10	3	4	10	126
	%	5	25	22	17	3	2	5	8	2	3	8	100
Supervisors (Managers)	Freq	1	3	8	4	7	2	3	1	2	2	6	27
	%	3	8	19	11	18	5	8	3	5	5	15	100

Table 11. Employee opinions on problem of the appraisal system

Source: Questionnaire, December 2022.

Table 11 indicates that despite their degree of prevalence, all problems listed above were found to characterize the appraisal system of the company either in isolation or in combination.

However, while absence of employee participation was given the highest regard by the non-supervisory respondents, comprising 25% of the total respondents, rater bias was cited as the major problem by a relatively large number (19%) of the supervisory (managerial) respondents. Problems are always prevalent in any appraisal system. It is often said that addressing the problem correctly is half way to solving the problem. Thus once the problems are addressed in this way, the company should look for the appropriate solutions, which inherently are implied in the problems. Finally, the major general comments or observations of the respondents on the appraisal system of the company, gathered through both the questionnaire and structured interviews made with the Human Resource Department, are summarized in the following findings:

- ❖ The link between performance appraisal and rewards would better be explicit. So far no employee has been fired in relation to performance-related problems. This was not

because there were no problems but because appraisal was not strictly meeting its intended purposes.

- ❖ Supervisors be assessed on the quality of ratings (their effort to exhibit objectivity in the midst of subjective criteria) – their fairness in assessing their subordinates.
- ❖ The appraisal system would better be effective if formats were designed taking into account nature of the job employees are accomplishing, their positions, qualifications, etc. Moreover, appraisal criteria should be updated from time to time with changes taking place in the external environment and allowing employees to involve in setting performance standards so as to enhance the connection between employee job and performance criteria
 - o Appraisal should be conducted with a view to maximizing employee benefits
 - o Appropriate trainings that increase raters' understanding of the appraisal instrument and other aspects of the system should be given to raters. Alternatively, appointing knowledgeable supervisors who have the necessary competence and experience about the duty that their subordinates handle.
 - o Use of multiple raters instead of a single boss, possibly involving customers where appropriate.
 - o Giving due respect to performance appraisal, which seems neglected at present. Employees should be constantly reminded about the impact that their performance ratings would have on their future in the organization.
- o The performance appraisal system of the company has little or no contribution to the overall strategic objective of the company.
- o Appraisers should devise ways to uniformly assess subordinates' performance over the appraisal period without being biased by regency and primacy effects
- o Management should not unnecessarily interfere in the process, such as by limiting the number of employees that should fall under the extreme high and low levels of the rating scale – as is the case with the normal distribution
- o Encouraging raters to conduct post assessment interviews with their subordinates

4.9 Opportunity to Participate in Designing the Form

According to Beer (1987), the form used to record the performance of the employees is blamed if it is cumbersome, not customized and if employees did not participate in the design of the form of evaluation. Accordingly, respondents were asked if they participated in design of the form and their response is presented in table 12.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	44	35	0	0
Disagree	28	22	8	30
Neutral	23	18	2	7
Agree	21	17	7	26
Strongly agree	10	8	10	37
Total	126	100	27	100

Table 12. Employees' Response on whether they participate in designing the For

Source: Questionnaire, December 2022.

As shown in table 12 above 57% of non manager respondents disagreed they got an opportunity to participate in the design of performance evaluation form. 25% agreed they got an opportunity to participate and 18% were neutral. Similarly, 30% of managers disagreed that employees got an opportunity to participate in evaluation form designing activity. While 26% agreed they got and 7% were neutral. On the other hand, interview discussion with the HR directorate also disclosed that the company does not have practice of participating employees in evaluation form design. The response of employees shows that they don't have an opportunity to participate in designing the form. As Beer (1987) affirmed an evaluation form is blamed when employees do not participate in its design. When employees are evaluated by the form whose design they have not participated, they lack ownership and confidence on the form. This in turn, would increase dissatisfaction with the process of performance evaluation.

4.10. Access to See Performance Evaluation Result

It's within the employees' rights to know how they are progressing in performing the assigned tasks. They should have access to see their performance evaluation result. Table 13 presents employees' response whether they have access to see their performance evaluation result.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0	0	0
Disagree	2	2	2	7
Neutral	8	6	4	15
Agree	28	22	0	0
Strongly agree	88	70	21	78
Total	126	100	27	100

Table 13. Employees' Response on whether they have Access to see their Performance Appraisal result

Source: Questionnaire, December 2022.

92% of non manager respondents agreed that they have access to see their performance evaluation result. 2 % were neutral and 78% of managers agreed that employees have access to see their performance evaluation result while 7% disagreed and 15% were indifferent. Responses of both managerial and non managerial employees (92% of non manager and 78% of managers) show that employees of the company have access to see their Performance appraisal result. In line with this, an interview conducted with HR directorate also revealed that employees have access to see their result and will sign on the form explaining they agree with the result or not. The fact that employees have access to see their evaluation result shows transparency of the performance appraisal process. Having access to their evaluation result also helps employees know their strength and limitations, as well.

4.11 Appealing to Higher Official if the Evaluation Result is Biased and Inaccurate

According to Mathis and Jackson (1997) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has strong dislike of certain ethnic groups, this bias is likely to result in distorted appraisal result for some

people. When this happens, rates may want to appeal to higher officials. The following table depicts employees’ response whether they can appeal to higher official if they believe their evaluation result is biased or inaccurate.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	4	2	0	0
Disagree	18	14	2	7
Neutral	32	25	4	15
Agree	33	26	14	52
Strongly agree	40	32	7	26
Total	126	100	27	100

Table 14. Employees’ Response on whether they can Appeal to Higher Official

Source: Questionnaire, December 2022.

The above table shows that 58% of the non manager respondents agreed that they can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 16% indicated they cannot appeal while 25% indicated they are neutral. 78% of managers agreed that subordinates can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 7% of managers indicated that their subordinates cannot appeal to higher officials and 15% indicated they are indifferent. The employees’ response of managers and non managers depicts that majority of the respondents (58% of the non manager and 78% of managers) said that they can appeal to higher officials when they perceive their evaluation is biased and inaccurate. An interview discussion with HR directorate confirmed that employees can appeal to higher officials if they perceive their performance evaluation is unfair. As Mathis and Jackson (1997) stated it is likely that performance evaluation result can be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in the company means the management has given due focus to PA process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation process

4.12 Timely Provision of Feedback by the Supervisor

Feedback is an important part of the performance appraisals. According to Longenecker (1997), the rates should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005). Employees’ response whether they receive timely feedback frequently is shown in the following table.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	12	10	1	4
Disagree	8	6	3	11
Neutral	46	37	7	26
Agree	38	30	16	59
Strongly agree	22	17	0	0
Total	126	100	27	100

Table 15. Employees’ Response whether they Receive Feedback from their supervisors

Source: Questionnaire, December 2022.

As depicted in table 15 above 47% of the non manager respondents agreed that they receive timely feedback from their subordinates concerning their performance; while 16% indicated they don’t receive feedback and 37% rated they are neutral. 59 % of managers, on the other hand, indicated that they provide performance feedback to their subordinates; while 15% indicated they don’t and 26% showed they are neutral. The above response shows that majority of the company employees (Non managers 47% and managers 59%) witnessed that rates receive timely feedback from their raters. The interview discussion made with HR directorate also disclosed that employees are given feedback in timely manner during the appraisal period. Giving specific and timely feed back to the employees on their performance helps both the company and the employees in correcting any shortcoming manifested during work performance and motivates employees towards better future performance.

4.13. Giving Similar Ratings to Subordinates in order to Avoid Resentment and Rivalry

4.13.1 Among Employees

Respondents were asked about the existence of such a practice and their response is shown as below.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	14	11	9	33
Disagree	34	27	11	41
Neutral	45	36	3	11
Agree	23	18	2	7
Strongly agree	10	8	2	7
Total	126	100	27	100

Table 16. Employees' Response whether Supervisors give Similar Ratings to All Staffs

Source: Questionnaire, December 2022.

As can be observed from the above table 38% of non manager respondents did not agree that their supervisors give similar ratings to all employees, while 26% agreed that they do and 36% were neutral. Of managers, 74% indicated that they don't give similar ratings to all staff members; while 14% agreed they do and 11% remained indifferent. From this can be inferred is that large number of employees (both managerial and non managerial) agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. But 26% of the non managerial and 14% of managers agreed that there is practice of giving similar rating. This means that there is practice of giving similar rating in company. Which is one of the problems of Performance appraisal when all employees are given similar ratings, high performers will get demotivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the company.

4.14 Supporting Performance Appraisal with Specific Incidents of Good and Poor Performances

Good and poor performances incidents focus on key factors which make difference in performing a job efficiently. The necessity of this system is to try to measure individuals' performance in terms of incidents and special episodes which take place in job performance (Mondy, 2008). In line with this, respondents were asked if their supervisors support performance evaluation with specific good or bad performance events. The response is demonstrated in the table below.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	12	10	7	26
Disagree	34	27	10	37
Neutral	51	40	3	11
Agree	21	17	2	7
Strongly agree	8	6	5	19
Total	126	100	27	100

Table 17. Employees' Response on whether Evaluators Support their Evaluation with incidents of Good and Poor Performances

Source: Questionnaire, December 2022.

As depicted in the above table 23% of the non manager respondents agreed that their evaluators support performance appraisal with specific events of good and bad performances; while 37% indicated they don't support and 40% were neutral. 26% of manager respondents agreed they support their evaluation with specific events of good and bad performances; while 63% said they don't support and 11% were indifferent. From this it is possible to say that larger number (23% of the non managers and 26% of managers) of respondents indicated that raters support their performance evaluation with specific events of good and bad performances. However, 63% of managers and 37% of non manager respondents indicated they don't use which Mondy (2008), advised to use this method because it is more related to job and based on individual's performance than characteristics. From this it is possible to deduce that not all raters support evaluation result with incidents of good and bad performances. According to Mondy (2008), this method is more credible for it is more related to job and based on individual's performance than characteristics. Supporting evaluation result with specific incidents of good and bad performance

will alert employees that their performance is critically viewed and give due attention to carefully perform whatever they do.

4.15. Keeping File on what Employees have done During the Appraisal Period

By keeping a file of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1998). Files, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits. The following table shows employees' response whether their raters keep file of what they have done during the appraisal period.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	11	9	2	7
Disagree	21	17	5	19
Neutral	47	37	6	22
Agree	32	25	14	52
Strongly agree	15	12	0	0
Total	126	100	27	100

Table 18. Employees' Response on Whether their Raters Keep Performance File

Source: Questionnaire, December 2022.

As shown in table 17 above, 37% of non manager respondents agreed that their raters keep records; while 26% disagreed and 37% were indifferent. Of manager respondents, 52% agreed that they keep file of employees' performance during performance appraisal period, while 26% indicated they don't keep and 22% were indifferent.

From the responses, it is possible to say that majority of the respondents (52% managers and 37% non managers), who clearly indicated their agreement and disagreement, agreed that raters keep file of what their subordinates have done during the performance evaluation period. However, the number of respondents who disagreed is not negligible (26% of non managers and 26% of managers). Rating employees without keeping records leads to recency error, focusing only on recent happenings (Saiyadain, 1999:204-207).

4.16. Clarity and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees have to be clear and objective. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table 18.

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	21	17	2	7
Disagree	17	13	2	7
Neutral	24	19	7	26
Agree	49	39	14	52
Strongly agree	15	12	2	7
Total	126	100	27	100

Table 19. Employees' Response on Clarity and Objectivity of the Evaluation Criteria

Source: Questionnaire, December 2022.

As table 19 above describes 51% of non manager respondents agreed that the criteria are clear and objective. But, 30% disagreed that they are clear and objective while 19% remained neutral. As to managers, 59% indicated their agreement and 14% respondents indicated their disagreement while the remaining 19% were neutral. The response shows that though most respondents said the criteria are clear and objective, there still were respondents who claim otherwise.

4.17. Customization of Evaluation Criteria Based On Characteristics of the Job

Respondents were asked whether the criteria against which their performance is evaluated are customized based on their job. The response is shown in table 20 below.

Level of Agreement	Non manger		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	14	11	4	22
Disagree	22	17	3	15
Neutral	44	35	8	37
Agree	32	25	5	22
Strongly agree	15	12	1	4
Total	126	100	27	100

Table 20. Employees' Response on whether Evaluation Criteria are customized

Source: Questionnaire, December 2022.

As table 20 above shows, 28% of non manager respondents disagreed that the evaluation criteria are customized while 37% agreed and 35% were neutral. Out of manager respondents, 37% disagreed, 26% agreed and 37% neutral. Majority of non manager respondents said the criteria are customized based on characteristics of their job, whereas majority of managers indicated it is not customized. This means non manager and manager employees of the company have differing views with regard to customization of the criteria. As a result, it is difficult to deduce whether the criteria are customized.

4.18. Benefits of Performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. According to Reza (1997), performance appraisal helps for training and development, motivation and satisfaction, monitoring recruitment and induction and employee evaluation and control.

4.18.1 Employees' Understanding of Benefits of PA

Employees were asked whether they understand benefits of performance evaluation to them and the company. Their response is presented in table 21.

Level of Agreement	Non Managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	2	2	2	7
Disagree	13	10	2	7
Neutral	22	17	5	19
Agree	31	24	16	59
Strongly agree	59	46	2	7
Total	126	100	27	100

Table 21. Employees' Understanding of Benefits of Performance Evaluation to the Employees and the company

Source: Questionnaire, December 2022.

As can be seen from table 21, 70% of non manager respondents agreed that they understand the benefit of performance evaluation to the employees and the company. 12% said they don't understand and 17% indicated they are neutral. Of managers, 66% agreed that their subordinates understand what benefit performance evaluation has to the employees and the company while 14% disagreed and 19% became neutral. This shows that majority of the employees understand the benefit performance appraisal has to the employees and the company and have general knowledge about benefits of performance appraisal.

4.19. Employees' Perception of Performance Appraisal Process of the company

Perception employees have on process of performance appraisal will indicate how the practice in the company is. Employees' response with this regard is depicted in table 22 below.

Level of Agreement	Non manage's		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	19	15	9	33
Disagree	21	17	18	67
Neutral	27	21	0	0
Agree	38	30	0	0
Strongly agree	21	17	0	0
Total	126	100	27	100

Table 22. Employees' View Whether Performance Appraisal process of the company is Worthwhile

Source: Questionnaire, December 2022.

As table 22 shows, 47% of the non manager respondents agreed that performance appraisal process of the company is worthwhile. 21% indicated they are neutral and 32% disagreed that it is worthwhile. As to managers, all manager respondents agreed that the performance appraisal process worthwhile. This shows that the current performance appraisal process of the company is productive and helped in realizing the benefits of performance appraisal to the employees and the organization.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter presents out the conclusion for this study derived from the findings. Policy implications have been drawn to cover specific issues which need to be addressed. The chapter also presents recommendations for future implementation on performance appraisal with the support of the faith based organization's efforts in bringing conducive performance appraisal environment for productivity improvement and center of Excellency .It ends by drawing attention to the areas for further research.

5.1 Summary of the Major Findings

- Both managerial and non managerial employees agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. Nevertheless, there was meaningful number of respondents who agreed that there is practice of giving similar ratings to all employees. Though most of the respondents agreed that their evaluators keep file of what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances, there still were reasonable number of respondents indicating that their evaluators do not keep file. Most of respondents are comfortable with current frequency of conducting performance evaluation twice a year with significant number of respondents seeking it to be conducted trice and every 3 months. No reason is stated for current practice of conducting performance appraisal biannually than say that the Policy document dictates. It was learned that Performance evaluation result is used for salary increment, bonus and promotion purposes. Respondents indicated that performance evaluation is being done by immediate supervisors. There are few respondents who believe that performance evaluation should be done by colleagues and customers. It was found that the criteria used to evaluate employees' performance are clear and objective. But, there were meaningful number of respondents who said it is not objective and clear. Respondents indicated that there are performance evaluation criteria that should be added to and removed from the current form used by the company. It was discovered that respondents have differing opinion about customization of

criteria. While majority of non manager respondents said the criteria are customized based on characteristics of their job, large number of managers indicated it is not customized. Respondents agreed that performance appraisal process of the company is worthwhile albeit non negligible number of respondents said it is not worthwhile

5.2 Conclusion

The study was conducted with main objective of effect of performance appraisal on employees performance. In order to answer the basic research questions data were collected from managers and non managers using questionnaires and unstructured interview; the data were analyzed using SPSS version 16.0 and interpreted. After careful analysis of performance Appraisal practice in the company are the following conclusions are made.

- The company is conducting Performance appraisal twice a year. It is an immediate supervisor who is responsible to conduct performance evaluation. Employees are given feedback during appraisal period; are allowed to see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The company's raters use file of what employees have done during the performance evaluation period and support their performance evaluation with specific events of good and bad performances
- . The company is using Performance evaluation result for the purpose of salary increment, bonus and promotion. The criteria used to measure performance of employees are objective. But, among the criteria are some which don't have direct connection with the actual work and vague to understand. Employees of the company perceive that performance appraisal has benefits to both the employees and the company and the current performance appraisal process of the company is productive and helped in realizing the benefits of performance appraisal.

Human resource is one of the most promising assets to be developed. With efforts to develop individuals, team, work units and organisation as a whole, performance appraisal as an instrument can provide meaningful feedback to individuals. With performance appraisal report, individuals are provided with evaluations of self and others' perceptions. This creates an awareness of perceptions' discrepancy and may induce behavioural change in parallel with these company directions.

The performance appraisal system in productivity improvement and center of Excellency is not effective. However, appraisal system implemented provides some benefits that are useful to organisations. The main thing that performance appraisal system did was it improved communication for those that participated in the appraisal. This improvement in communication efforts then trickled down to benefit other areas such as perceived increase in productivity, performance and supervisory skills.

Nevertheless, according to the findings the current system does not involve employees or let them participate in preparing conducting, evaluation and it doesn't give feedback to employees hence they may not know how they are seen and perceived. The employees or managers could see how they are being perceived from below or upward and get a different perspective as to what their strengths and weaknesses are.

Based on the findings of the study, it can be concluded that to the large extent, workers are not comfortable with the way performance appraisal is being implemented at productivity improvement and center of Excellency. They are not aware, they lack training and participating in setting goals, evaluation and feedback to the employees. Some of the most critical problems that contribute to low morale, stress and high turnover in most organisations today stem from a lack of employee involvement in the decision making process.

5.3 Recommendations

5.3.1 Performance Appraisal Management

Productivity improvement and center of Excellency should be prepared to support performance appraisal process with time and money (for example, it should explain the purpose of the effect and teach employees how to give and receive feedback).

- Performance evaluation should be conducted 3 or 4 times a year than making it twice a year by taking into account the necessary resources required. Because frequent evaluation can avoid surprises and therefore problems later when the evaluation is communicated. On top of this the company's management should motivate its supervisors and managers to give subordinates frequent feedback as much as possible, than waiting the appraisal period. It is this way that employees can continuously improve their performance.

Additional administrative help may be required to distribute forms and collect the data, or productivity improvement and center of Excellency may wish to invest in a computer program that minimizes administrative costs by allowing raters to complete and submit the instrument online. Most important, productivity improvement and center of Excellency should be prepared to respond to the heightened expectations that often accompany this type of organisational change initiative: employees will expect to see behaviour change, especially at the top of the organisation.

5.3.2 Training and Guidance

It is recommended that productivity improvement and center of Excellency should use performance appraisals effectively on individuals and departments. The company's management has to acquaint raters with different types of performance evaluation methods; particularly with the one the company is employing so that they will clearly identify the strengths and limitations of the method they are using. It is impossible to avoid rater bias for it is human nature to get biased somehow but it is possible to reduce its magnitude through continuous training. Hence, the company's However, prior the launch of the performance appraisal system, training should be given to all managers on the purpose, system, delivery and outcomes of performance appraisal. Guidance should be developed for staff receiving appraisals.

5.3.3 Confidentiality and Accountability

Most descriptions of performance appraisal feedback systems emphasize that the feedback must be confidential in order to ensure that the participants (raters and ratees) will be open and honest in their assessments. The term (confidentiality) is used in several ways. It may refer to the arrangement under which raters provide their evaluations anonymously (for example, subordinates ratings are often averaged so that the supervisor cannot identify the evaluation of any one person).

It was therefore suggested that the primary responsibility of the human resource department is to design and co-ordinate the performance appraisal performance training to other managers of all levels to understand and administer the programme. It should also involve different departmental managers, supervisors and even employees in its design, which reduces the intensity of the training efforts for the appraisers. The HR policy should be made public to everyone so as to avoid some of the workers' rights or benefits from being denied for ignorance of just some immediate supervisors.

- o Providing employees with timely feedback on their past performance and conducting post assessment interviews must be done to all employees. Rater training suggested above should also enhance the ability of raters in handling these interviews in a way that promotes a conducive work environment where harmony presides over dispute regarding performance appraisals.
- o Finally, the company should appreciate and value individual employee or team participation in its entire move to introduce a new performance appraisal system since the employees are the subjects of performance and any system cannot be expected to be effective without first involving all the parties that have a stake in it

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St Mary's University
School of Graduate Studies MBA Program
Questionnaire to be filled by Managerial Employees

Dear respondent,

My name is SEBLEWENGEL ALEM, prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "EFFECT OF PERFORMANCE APPRAISAL PRACTICES ON EMPLOYEE'S PRFORMANCE IN THE CASE OF PRODICTIVE IMPROVEMNT AND CENTER OF EXCELLENCE." as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

Please use tick mark (√) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. Gender:

Male Female

2. Age:

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

3. Academic Qualification:

High School Complete Diploma
B.A Degree Master's and above

4. How many years have you been working in the center?

2-5 years 5-10 years above 10 years

5. Name of your department _____

PART II. QUESTIONS ON PERFORMANCE APPRAISAL

1. How often do you evaluate your subordinates in a year?

(A) Once (B) Twice (C) Quarterly
(D) Monthly (E) other period, specify _____

2. How often do you think performance appraisal should be performed to ensure effectiveness in a year?

((A) Once (B) Twice (C) Quarterly
(D) Monthly (E) other period, specify _____

3. Do you provide those employees working under your supervision with job descriptions and Clear performance expectations?

Yes No

4. It is a well known fact that an employee who is assigned to work on a job in which he/she is not interested would not have effective performance, at least in the long run. In this regard, do you make efforts to make sure that your subordinates are in their right career path that would allow them to meet their personal as well as organizational goals?

5. In your opinion, who should evaluate an employee's performance? You may choose more than one.

- A) Immediate supervisor? B) Colleagues C) Subordinates
D) The employee himself/herself E) Customers F) others, specify _____

6. Do you think that the performance appraisal in your organization is strictly meeting its Intended purposes of determining employees' compensations, promotion, demotion, transfer and Identification of an employee's training needs?

Yes No

7. Do you think that weights assigned for the criteria in the appraisal form are appropriate in judging the real worth of a subordinate? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?

Yes No

8. Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express their complaints or any suggestions regarding their rating results?

Yes No

9. Have you ever been engaged in any sort of dispute with your subordinates due to the latter's dissatisfaction on your performance ratings?

Yes No

If yes, did you try to manage the conflict in the post appraisal period?

10. In your opinion what criteria must be added to the content of the existing appraisal form and Which criteria must be removed there from to ensure maximum use of the appraisal system?

11. How do you perceive the performance appraisal system in your organization? (You may tick More than one)

(A) As a mere evaluative tool that aims at magnifying subordinates' performance weaknesses in Which case it creates frustration in their future performance as well as in your feedback

- (B) As a developmental tool that reinforces positive behaviors and creates the ground for Improvement of weaknesses in future performance
 - (C) As a process that adds to the paper work of managers without benefits sought
 - (D) As a management tool on which various administrative decisions are based
 - (E) Other, specify
-

12. Which of the following problems apply to the appraisal system of your organization?

- (A) Lack of rater ability (training) to evaluate performance
 - (B) Absence of employee participation in setting performance evaluation criteria
 - (C) Rater bias in evaluating performance
 - (D) No link between some evaluation criteria and employee job
 - (E) Others, specify
-
-
-

13. Any suggestions on the employee performance appraisal practice of the center and on how to improve its effectiveness. (You may also suggest any possible alternatives to performance appraisal if you believe that the latter has no real benefits to success of the whole organization)

Part III: Information on Performance Appraisal Practice

Please mark (√) or tick the statement that indicates your level of agreement in the responses box.

Please note that:

STATEMENTS 5=Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly

Disagree

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance.					
2	My subordinates have access to see their performance evaluation result					

3	Employees can appeal to the higher official if they perceive their result is biased and inaccurate					
4	I frequently provide feedback to the subordinate in a timely manner during the appraisal period					
5	In order to avoid resentment and rivalry among employees, I give them equivalent ratings					
6	I generally support my evaluation with specific incidents of good and poor performances					
7	I usually keep a file on what my subordinates have done during the appraisal period to evaluate their performance.					
8	The performance evaluation criteria used to measure my subordinates' performance are clear and objective					
9	The performance evaluation form used to evaluate my subordinates'					

	performance is customized based on the characteristics of their job.					
10	I know that employees benefit of Performance evaluation to the employees and the center.					
11	I think the performance appraisal process is worthwhile If you have any suggestions/ comments on the appraisal practices of the center,					

Table 23.

Thank you for your time!

St Mary's University
School of Graduate Studies MBA Program

Questionnaire to be filled by Non-Managerial Employees Dear respondent,

My name is SEBLEWENGEL ALEM, prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "EFFECT OF PERFORMANCE APPRAISAL PRACTICES ON EMPLOYEE'S PRFORMANCE IN THE CASE OF PRODICTIVE IMPROVEMNT AND CENTER OF EXCELLENCE." as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

Please use tick mark (√) in the boxes or circle provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. Gender:

Male Female

2. Age:

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

3. Academic Qualification:

High School Complete Diploma
B.A Degree Master's and above

4. How many years have you been working in the center?

2-5 years 5-10 years above 10 years

5. Name of your department _____

PART II. QUESTIONS ON PERFORMANCE APPRAISAL

1. How often is your performance evaluated in a year?

(A) Once (B) Twice (C) Quarterly

(D) Monthly (E) other period, specify _____

2. How often do you think performance appraisal should be conducted in a year?

(A) Once (B) Twice (C) Quarterly

(D) Monthly (E) other period, specify _____

3. Do you clearly know what you are expected to perform in your present assignment, i.e., are your performance goals clearly communicated to you by your supervisor(s) via job descriptions and clear performance expectations?

Yes No

4. Do you feel satisfied with the kind of job you are performing? In other words, is your present assignment in line with your career plans to move up the organization hierarchy?
Yes No

5. In your opinion, who should evaluate an employee's performance? You may choose more than one).

- (A) Immediate supervisor? (B) Colleagues (C) Subordinates
(D) The employee himself/herself (E) Customers
(F) Others, specify _____

6. Do you think that the performance appraisal in your organization is strictly meeting its Intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?
Yes No

7. Do you think that weights assigned for the criteria in the appraisal form are appropriate for the kind of job you are handling? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?
Yes No

8. Do your supervisors call for appraisal interviews wherein you are encouraged to freely express your complaints or forward any suggestions regarding your appraisal results?
Yes No

9. Is there any possibility of misusing the appraisal system by your supervisor, like giving lower? Results to those employees whom he/she thinks are competent enough to stand as a threat to his/her position?
Yes No

If "yes", what do you suggest to make it impossible?

10. In your opinion what criteria must be added to the content of the existing appraisal form and which criteria must be removed there from to ensure maximum use of the appraisal system?

11. How do you perceive the performance appraisal system in your organization?

- (A) As a mere evaluative tool that aims at magnifying your performance weaknesses in which case it creates frustration in you
(B) As a management tool targeted for employee development through reinforcing positive behaviors and creating the ground for improvement of weaknesses in future performance
(C) As a paper work that doesn't affect your stay with the organization
(D) As an administrative tool on which your promotion, salary increment and other benefits are based
(E) Other, specify _____

12. Which of the following problems apply to the appraisal system of your organization?

- (A) Lack of rater ability (training) to evaluate your performance
(B) Absence of employee participation in setting performance evaluation criteria
(C) Rater bias in evaluating performance
(D) No link between some evaluation criteria and employee job

(E)

Others,

specify

13. Any suggestions (recommendations) on performance appraisal practices of the center (You may also consider any management practice that may stand as an alternative to performance appraisal.

Part III: Information on Performance Appraisal Practice

Please mark (√) or tick the statement that indicates your level of agreement in the responses box.

Please note that:

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

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance					
2	I have access to see my performance evaluation result					
3	I can appeal to the higher official if I perceive my result is biased and inaccurate					

4	My supervisor frequently provides feedback in a timely manner during the appraisal period					
5	In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings					
6	My supervisor generally supports his/her evaluation with specific incidents of good and poor performances.					
7	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.					
8	The performance evaluation criteria used to measure my performance are clear and objective					
9	The performance evaluation form used to					

	evaluate my performance is customized based on the characteristics of my job.					
10	I understand benefit of Performance evaluation to the employee and the center					
11	I think the performance appraisal process is Worthwhile If you have any suggestions/ comments on the appraisal practices of the center,					

Table 24.

Thank you for your time!

St Mary's University
School of Graduate Studies MBA Program
Interview Questions

For Human Resource Staff Name of Student: - seblewengel alem

1. To what extent is performance appraisal system of the center meeting its intended purposes? For example it sometimes may happen that decisions that have to be made on the basis of performance appraisal (such as bonus declaration) would be taken before employee appraisal results have reached the human resources department.
2. What employee performance-related problems have you come across so far – like in terms of number of customer complaints, turnover, absenteeism, lack of motivation following unfavourable supervisor ratings etc?
4. How do you see the capability of existing raters and the dependability of the rating results for decision –making purposes? Have there been any attempt to develop rating skills of appraisers through formal training programs?
5. What are the contributions of the center human resource department in insuring implementation of periodic performance appraisals by the center different organs on a timely basis? What procedures are in use for this purpose?

