

**ST. MARY'S UNIVERSITY COLLEGE  
BUSINESS FACULTY  
DEPARTMENT OF MANAGEMENT**

**AN ASSESMENT EMPLOYEES PERFORMANCE APPRAISAL  
SYSTEM IN THE CASE OF ETHIOPIAN GRAIN TRADE  
ENTERPRISE**

**BY  
BAYECH MESELU**

**JUNE 2010  
SMUC  
ADDIS ABABA**

**AN ASSESSEMENT OF EMPLOYEE'S PERFORMANCE APPRAISAL  
SYSTEM IN THE CASE OF ETHIOPIAN GRAIN TRADE ENTERPRISE**

**A SENIOR ESSAY SUBMITTED  
TO THE DEPARTMENT OF MANAGEMENT  
BUSINESS FACULTY  
ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF BACHELOR OF ARTS  
IN MANAGEMENT**

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**APPROVED BY THE COMMITTEE OF EXAMINERS**

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Signature



# Appendices

## ACKNOWLEDGEMENT

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## **ACRONYMS**

EGTE = Ethiopian Grain Trade Enterprise

HRM = Human Resource management

MBO = Management by Objective



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# APPENDIXES 1

## St. Mary's University collage

### Business Facility

### Department Of Management

#### Questionnaire to be filled by Staff of EGTE

The purpose of This Questioners is to gather Information and opinion to Supports a Study of an assessment of Employee Performance appraisal system in Ethiopian grain Trade Enterprise.

Thus you're frank and sincere Response to the item in the quaternary we help to meet the Objective of the study.

The information you provide will be kept confidential. The study is conducted for a Partial fulfillment of B.A Degree in Business management. The Data you provide will be used Only for Academic Purposes you are Encouraged to Freely Express your View and Concern.

Thank you in Advance for your co-operation

#### Introduction

1. You can respond the Correct Answer in the following Way
  - By Putting tick mark( )in The box or free space provided
  - By writing the desired answer for open ended questions.
2. No need of Writing your name

#### Part I Personal Data

1. Sex

Female

Male

2. Age

Below 30 Year

31-40 Years

41-50 Years

above 50 Years

## APPENDIXES 2

### 3 - Education Status

Below and Certificate

College Diploma

Bachelors Degree

Masters and above

### 4 - Your position in enterprises?

---

---

### 5 - How many years of experience do you have in the enterprise?

Below 5Years

6 - 10 Years

10-20 Years

above 20 Years

### 6 - How many years or service elsewhere?

Below 5Years

6 - 10 Years

10-20 Years

above 20 Years

### 7 - Your position regarding performance appraisal in EGTE?

Rate

Rater

Both

Others

### Part II Specific date

#### 1. Dose EGTE practice Performance appraisal

Yes

No

#### 2. If question No "1" answer is yes, is there performance appraisal policy in EGTE?

Yes

No

#### 3. How use full do you think is performance appraisal to employee?

Very useful

useful

Average

Less useful

Not use full at all



### APPENDIXES 3

4 - Do you agree that factors that measure your performance are highly related your job?

Strongly agree	<input type="checkbox"/>	Disagree Strongly	<input type="checkbox"/>
Agree	<input type="checkbox"/>	Disagree	<input type="checkbox"/>
Neutral	<input type="checkbox"/>		

5 - How do you rate appeaser's l knowledge of factors?

Excellent	<input type="checkbox"/>	Very good	<input type="checkbox"/>	Neu	<input type="checkbox"/>
Poor	<input type="checkbox"/>	Very Poor	<input type="checkbox"/>		

6 - Do you think that appraiser's managers who appraises have enough experience knowledge talent in making performance appraisal?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

7 - How do you rate the level of satisfaction regarding performance appraisal?

Very Satisfied	<input type="checkbox"/>	satisfied	<input type="checkbox"/>	Neutral	<input type="checkbox"/>
Dissatisfied	<input type="checkbox"/>	Strongly Dissatisfied	<input type="checkbox"/>		

8 - If question No 7 answer is dissatisfied/ strongly dissatisfied, identified some of the reason

-----

9 - Do you think that the employee's performance appraisal results should be used for personnel activities

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
-----	--------------------------	----	--------------------------

10 - It question No 9 is yes rank based on their important you think performance appraisal should performed

For Promotion	<input type="checkbox"/>	For salary interment and bonus	<input type="checkbox"/>
For Training	<input type="checkbox"/>	For improvement of employee	<input type="checkbox"/>
Performance	<input type="checkbox"/>		

11 - Which of the following do you think should be archiving through performance appraisal?

Better communication

Better relationship between employee & manger

Better sense of contributing to achieve of the company as a whole

Motivate employee to in enhance job satisfaction.

12 - What do think about the case of poor performance of employee throughout the year EGTE experience?

Absence of sound performance appraisal system

Routine kind of work

Absence of active participation in planning decision making

Poor motivation

13 - If you have any suggestion the factor that think important for EGTE to have a good performance appraisal system.

-----

**በኢትዮጵያ የአህል ንግድ ድርጅት**

**የሠራተኛ ሥራ አፈፃፀም መመዘኛ ቅጽ**

**የቁጥጥር አግባብ ለላለበት የሥራ መደብ/**

1. የሠራተኛው ስም \_\_\_\_\_
2. የሥራ ክፍሉ \_\_\_\_\_
3. የሥራ መደብ መጠሪያ \_\_\_\_\_
4. ደረጃ \_\_\_\_\_
5. ግምገማው የተሞላበት ከ \_\_\_\_\_ እስከ \_\_\_\_\_ ላለው ጊዜ ነው።

ተ.ቁ	የመመዘኛ አርእስት	የመመዘኛ ነጥቦች				
		በጣም አጥገቢ አይደለም	አጥጋቢ አይደለም	መካከለኛ	ክፍተኛ	በጣም ክፍተኛ
1	ሥራ የማቀደና ማደራጀት ችሎታ					
	የሥራ ትልችን የማቀድ ችሎታ ሥራን በትክክል የማደራጀት ችሎታ ሥራና ሠራተኞችን በትክክል ለማገናኘት የሚረግጥ ጥረት፤					
2	የሥራ መመሪያና ትእዛዝ የመቀበልና የማስተላለፍ ችሎታ፤ ጤናማ የሰራ አካባቢን የመፍጠር ችሎታ ተገቢ የቁጥጥረ ሥልቶችን መጠቀም ሥራን የመቆጣጠር ችሎታ					
3	ውሳኔ የመስጠት ችሎታ					
	ትክክለኛና ወቅታዊ ውሳኔ የመስጠት ችሎታ የሚሰጠውን ውሳኔ በመረጃና በጥናት የተደገፈ እንደሆነ የሚደረግ ጥረት የውሳኔዎች ተግባራዊ የመከታተል ልምድ					
4	የበታች ሠራተኞች ብቃት የማሻሻል ጥረት					
	ሠራተኞች አስፈላጊውን የሙያ ማሻሻያ ሥልጠና በሥራ ክንውናቸው ላይ መሻሻል እንዲኖር የሚያደርግ እገዛ ተተኪ ሠራተኞች ለማፍራት የሚደረግ ጥረት					
5	የሥራና እውቅና					
	የሥራውን ዓላማና ግብ አጠናቆ ማወቅና ሥራው በጥልቀት የመረዳት ችሎታ ሥራውን ከቴዎሪ ጋር የመዛመድ ችሎታ ሥራውን ያገኘውን ልመድና እውቀት ከተጨማሪ ሁኔታዎች ጋር የማዛመድና የማገናዘብ ችሎታው፤					

6	የሥራ መጠን ጥራት					
	ሥራው በሚፈልገው ጥራትና አማልቶ ማከናወን፤					
	ከወጪ ጋር ሲገናኙበት ሥራውን ውጤታማ መሆን፤ ሥራ በተሰጠው የጊዜ ገደብ ውስጥ የሚከናወን ልምድ፤					
7	አዳዲስ የአሰራር ዘዴዎችን በጊዜ ገደብ ውስጥ የሚከናወነው ልምድ፤					
	አዳዲስ አሰራር ዘዴዎች ሃሳቦችን የማመንጨት ችሎታ፤ አዳዲስ አሰራር ዘዴዎች ሃሳቦችን በሥራ ላይ የማዋል ችሎታ፤ አዳዲስ የሥራ ዘዴዎችን የመቀጠል ፍላጎት በየጊዜው ችሎታን ለማሻሻል የሚደርረው ጥረት፤					
8	ትብብር					
	በሥራ ኃላፊዎች የሥራ ጓደኞች ጋር ያለው የመግባባት ችሎታ በቡድን ሥራ ላይ የሚያደርገው ተሳትፎና ቋሚ ሥራ የሚያበረክተው አስተዋጽኦ፤ ሌሎች ደህንነት ለመንባከብ የሚያደርገው ጥቅም የሌሎች ሥራ ለመሥራት ያለው ፍቃደኛነት					
9	የሥራ ሰዓት መክበር					
	የሥራ መውጫና መግቢያ ሰዓት የማክበር ልምድ፤ የሥራ ጊዜን በሚገባ የመከታተል ልምድ፤					
10	እንግዳ የመቀበል ችሎታ					
	የመስሪያ ቤቱን መረጃዎች የሚስጥር ጠባቂነት፤ የግል ንፅህናን ለመጠበቅ የሚያደርገው ጥረት፤ ገንቢ ሃሳብን የመቀበል ፍቃደኛነት፤ ለቢሮ አካባቢ ከአስነዋሪ ተግባራት መወገድ፤ ሌሎች ጥሩ አርአያነት ለመሆን የሚያደርገው ጥረት፤					
11	የንብረት አያያዝና አጠቃቀም፤					
	በእጅ ለሚገኘው ንብረት ጥንቃቄ የማድረግና በቁጠባ የመጠቀም ልምድ፤ በድርጅቱ በአጠቃላይ ሃብትና ሰነዶች የሚወሰደው ጥንቃቄ እንዳይባክ ወይም እንዳይበላሹ የሚያደርገው ተቆርቋሪነት፤					
12	የድርጅቱ ደንበኞች መመሪያዎች ማክበር					
	ለድርጅቱ የንቦችና መመሪያዎች ያለው ተገኝነት፤ ድንበኞችንና መመሪያዎች በሥራ ላይ ለመዋል የሚያደርገው ጥረት፤					
	የድርጅቱ ደንበኞች መመሪያዎች ማክበር					

13						
	ከፍተኛ ኃላፊነት ለመቀበል ያለው ብቃት ከፍተኛ ኃላፊነት ፍላጎት በራስ የመተማመን ችሎታት ኃላፊነት ለመወጣት የሚያደርገው ጥረት					

የገምጋሚው አጠቃላይ አስተያየት

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ ::

የገምጋሚው ስም

የሥራ ማዕረግ

ፈራመ ቀን ወር/ዓ.ም

የተገምጋሚው ሠራተኛ አስተያየት

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ ::

ፊርማ

ቀን

ያፀደቀው ኃላፊ አስተያየት

::

ፊርማ

ቀን

Declaration

The under signed, declared that this senior essay is my original work paper under the guidance of Ato  
mergia mekuria work. All source of materials used for manuscripts have been duly acknowledged.

Name \_\_\_\_\_

Signature \_\_\_\_\_

## **CHAPTER ONE**

### **1.1 Background of the Study**

Employee's performance appraisal is one the basic activities of human resource management performance appraisal is a formal system of periodic review, and evaluation of an individual job performance. And thus organization also benefits by ensuring that employees effort and thus organization also benefits by ensuring that employees effort and ability by making contribution to organization success. (David A Decenzo 1943:320)

Performance appraisal data enables management to help with career planning, training and development, increase promotion and placement decision. This research study mainly emphasis on identifying the major factors contributing to performance appraisal (evaluation) of employees at EGTE, since I am a management student, I emphasize management issue that is how to manage or give ranks employees performance evaluation. (David A. Decenzo 1943:283)

Problem of employee's performance evaluation can be a very costly problem one with a major impact on productivity and increasing training time and other indirect costs and moreover it decreases employee's motivation. (Decenzo 1943:302)

### **1.2 Background o the Organization**

Ethiopia Grain Trade Enterprise is the grain trade industry established over 50 years ago and engaged in a grain and coffee purchases local wholesales and export business. EGTE is serving the public in coffee, oil seeds and pulses and pulses export and grain price stabilization role. (EGTE Magazine 200:1)

The vision statement of EFTE is to see fully developed and well functioning domestic and export trade of Ethiopia (EGEE Magazine 200:2)

The mission statement also says EGTE works to create domestic and export market for cereals; pulses oil seeds, coffee and beans. Access of produces sells canals in surplus producing as well as deficit areas through out the country and the value of enterprise is trading with trust and honoring commitments, due respect the customers and efficient service and delivery. The enterprise set up is to obtain its objectives EGTE with its head office in Addis Ababa has 10 branches and 58 trade centers through out the country. (EGTE Magazine 2001:3)

### **1.3. Statement of the Problem**

The existing performance appraisal system of GETE is not well structured to evaluate the actual performance of employee, due to the fact the existing system lacked the basic features and fail to objectively measure individual performance. The available benchmark is not sufficient and there is a gap. Moreover, there is no any standard that can found out about an employees actual performance using the existing appraisal system. The factors indicated in the appraisal form are highly questionable and the system is not effective.

### **1.4 Basic Research questions**

The study work to answer the following basic questions in the course of the study

- What does the performance appraisal of the organization look like?
- What are the appraisal techniques and criteria employed?
- To what extent are the techniques that measure performance of employees?
- How skillful and competent are raters to evaluate employees?
- What type of problems encountered by EGTE with respect to performance appraisal?
- What can be done about performance appraisal?



## **1.5. Objective of the Study**

### **1.5.1. General Objectives**

The main objective of the study was the assessment of the performance appraisal of Ethiopian Grain Trade Enterprise, so, as to suggest on areas of improvement.

### **1.5.2. Specific Objectives**

- To identify the major purpose of current employees performance evaluation.
- To examine the appraisal techniques and criteria
- To check the raters skill and competent to evaluate employees.
- To identify the type of problem encountered by EGTE with respect to performance appraisal.
- To recommend suggestions towards improving the method of performance appraisal that objectively measures the employee's performance.

## **1.6. Significance of the Study**

This study would be valuable to create awareness among officials in EGTE on their employee's performance appraisal practice. The result of the study would also help to improve the performance appraisal system and enable managers to take human resource as a major determining factor of productivity.

## **1.7. Scope /Delimitation/ of the Study**

The study was delimited to evaluation of employee's performance appraisal system EGTE. To make the research complete it was better to have the necessary information from all branches. However, due to time constraint the study was restricted to the Head office, located around "Bekelobet"

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

The research work required sufficient time and availability of resources EGTE was a huge enterprise having 10 branches in all parts of the

country. The limitation of the study was due to time and budget constraint all clerical employees in different Branches and trade centers.

## 1.9. Definition of Terms

- **Clerical Staff:** person who works office dealing with records/paper works and performing general office duties. (Bruik 2003:26)
- EGTE: Ethiopian Grain Trade Enterprise
- **Appraise:** is immediate supervisor of the rate and responsible for the rates activates. (David A. Decenzo 1943.284)
- **Performance:** Is the accomplishment of an employee's capability and potentials drawn from assessment data of past and current work behavior and performance allowing decisions to be made in relation to purpose. (David A. Decenzo 1994:302)

## 1.10. Research Design and Methodology

### 1.10.1. Research Design

The study, focus on the assessment of employee's performance appraisal system in EGTE. A descriptive type of research design would be employed on the assumptions that will help gather different data related to the problem.

### 1.10.2 Population

The population of the study would include clerical employees in departments with in EGTE head office. According to the EGTE job classification total number of clerical employees at head office is 500.00.

### 1.10.3 Sample size

Due to time and other constraints the total sample size was intended to be 40 i.e. 10% of the total population (400)

Total population=400

Total sample size =  $40(400 \times 10\%)$

TABLE 1 SAMPLE SIZE

No	Employees category	Total population	No of population included in the sample 10%
1	HRM Department	70	7
2	Operation Department	200	20
3	Audi Service	10	1
4	Finance	100	10
5	Material Management	20	2
	<b>Total</b>	<b>400</b>	<b>40</b>

#### 1.10.4 Sampling Techniques

Due to time other constraints the sample size was intended to be 40 i.e. 10% of total population (400) be the sample population. The researcher would use stratified sampling technique since the target populations was divided completed list of strata. The reasons that would be taken 10% of sample size make the analyses manageable.

#### 1.10.5 Data Source

In order to collect relevant data required for this the researcher would use both primary and secondary data Source of primary are personal managers and staff of the organization.

- Magazines, ECTE annual reports and administration records internet, books and other studies on performance appraisal as of source of secondary data would be used.

### **1.10.6 Method of Data Collection**

In order to collect primary and secondary data the researcher used questionnaires and interview method to gather relevant information from EGTE

### **1.10.7 Method of Data analysis**

In order to arrived a certain conclusion data would be edited, coded, classified, tabulated and interpreted.

Different methods of analysis relevant to each variable would be used to analyze various characteristics and responds of sample population.

The study uses data collected and frequency counted employed to percentage this statistical tool would help to determine relative standing characteristics.

## **1.11. Organization of the STUDY**

This study would consist of four chapters, chapter one would include acknowledgment, table of content, background of the study, statement of the problem, research objective research design and methodology, significance of the study and organization of the study chapter two would include review of related literature . chapter three would include data analysis and interpretation, Chapter four would include recommendation and conclusion.

## CAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1 Definition of performance APPRAISAL

Different literatures defined performance appraisal in various ways:\_

Performance appraisal is defined as a formal, structured system of measuring evaluating and influencing on employee's job related attributes, behaviors, and out comes, as well as leave of absenteeism, to discover how productive the employee is and whether he or she can perform as pr more effectively in the futures, so that the employee and the organization and society all benefit (S.Schuler, 1998:416)

Performance appraisal is the human resource activity that is used to determine the extent to which an employee is performing the job effectively (Ivancevich, 1979:320)

Performance appraisal is the process of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. (Mathis & Jackson, 1997:347)

Performance appraisal involves the identification, measurement, and management of human performance in organizations. (FOMEZ -MEJIA and etal, 1955:256)

#### 2.2. Purpose of Performance Appraisal

- Assess and award a comparative grade for performance
- Analyze training and development needs
- Set performance objectives
- Assess salary rewards
- Approve individual performance related pay plans
- Encourage and motivate team working
- Motivate individual
- Provide a channel for communication
- Identify potential for career development
- Link individual to assist Human resource planning

- Gather information to assist Human resource planning
- Listen and assess individual preferences for personal development
- Select candidate for promotion
- Comply with externally or internally imposed regulation

(L.Nieto, 2006:144)

- The purposes of performance appraisal should be very carefully thought out, defined and published. They indicate of organizational philosophy and determine the nature and detail of schemes used in practice and of the way the psychological contract is acted out.
- The purposes and detail of appraisal schemes should be carefully explained to all newly appointed employees during induction into reviews, following the discussion of their job description and person specifications. (Tryson and York, 2000:146)
- One purpose of performance appraisal is to measure for rewarding or otherwise making administrative decision about employees, promotions or lay off might hinge on these ratings, making them difficult at times. Another lay off might hinge on these ratings, making them difficult at times. Another lay off might hinge on these ratings, making them difficult at times, another purpose in development of individual potential. In this case, the manager is featuring more as counselor than as a judge, and the atmosphere is often different. Emphasis is on identifying potential and planning growth. (MATHIS and Jackson, 1997:344).

Organizations usually conduct appraisals for administrative and/or development purposes. (Gomez -mejla and etal, 1995:257)

Assessing achievement of objectives, determining needs is for staff development, establishing basis for rewards (Tryson and York, 2000:159).

### **2.3. Who Is Responsible Person For Performance**

#### **Appraisal?**

- The following are responsible for employee's performance appraisal

- 2.3.1. Immediate Supervisor
- 2.3.2. Peer evaluation
- 2.3.3. Self appraisal
- 2.3.4. Subordinate evaluation
- 2.3.5. Customers appraisal
- 2.3.6. 3600 Appraisal

### **2.3.1. Appraisal by Immediate Supervisor**

In the simplest of appraisal methods, the immediate manager conducts the appraisal and passes a report to the next management level and the Human resource team. The information then provides a spring board for initiating actions based on the appraisal objectives. The appraisee is more of a reactive participant in so much as she/he has to respond to the information presented at appraisal. (L.Nieto, 2006:146)

### **2.3.2. Peer Evaluation**

- Peer evaluation is especially useful when supervisors do not have the opportunity to observe each employee's performance but other work group members do. As mentioned earlier, it may be that peer evaluations are best used for development purposes rather than for administrative purposes. However, some contend that any performance appraisal including peer evaluation can affect negatively.

### **2.3.3. Self Appraisal**

- Self appraisal system in which workers rate themselves, allows them input into the appraisal process and can help them gain insight into the causes of performance problems.

(Gomez – Mejia and et al, 1995:227)

- This approach enables each person to evaluate his or her own performance prior to the appraisal meeting. Clearly, it can be more time consuming than appraisal by immediate supervisor; however there is an opportunity for two – way discussion. The interviewee is able to become more of an active participant. (L. NIETO, 2006:147)

### **2.3.4 Subordinate Evaluation**

- The concept of having supervisors and manager rated by employees or group members is being used in a number of organizations today. A prime example of this type of train takes place in colleges and universities where students evaluate the performance of professors in the classroom. Industry also uses employee rating for development purposes. (Mathis and Jackson, 1997:348)

- In a subordinate evaluation, workers review their supervisor. If peers and subordinates, judgments converge with supervisors, then it is likely that the supervisor's judgment is correct, (Gomez -Mejla and etal, 1995:228)

- The employees or works review their own manger. A person's managerial style and competence can be exposed by the opinions of those who work for him or her. This can be useful in circumstance where there is high staff turnover

(L Nieto, 2006: 148)

### **2.3.5. Customer Appraisal**

This approach involved internal or external customer. For example, internal department assessing the performance of the Human resource team may use it. Alternatively, the customer could be the clients a person work wit, or any other stakeholders with whom the interviewee has regular contact. (L. Nito, 2006:148)

## **2.4. The Performance Appraisal Process**

- Many environmental factors like legislation labor and corporate culture may influence the appraisal process.

- As mentioned in a literature, the following steps are outlined (Mandy and etal, 190:403)



## **1. Identification of Specific Goals**

Identification of specific goals is the starting point for the performance appraisal process. An appraisal system may be unable to effectively serve all the purpose desired, so management should select those specific performance appraisal goals that it believes to be most important and can be realistically achieved.

## **2. Establishing Job Expectation**

Establishing Job expectation is making job analysis so as to communicate employees what is expected from them, It is helpful when the supervisor review with them the major duties determined through job analysis and contained in the job description. In fact, communicating employees what is expected from them may be manager's most important employee relation task.

## **3. Examine work Performance**

After communicating job expectation appraisers observes the actual performance of employees. The observation should be in light of the criteria's instead of the personal feelings and attitudes, and it is advisable that the appraiser should be in a good position to observe work activities.

## **4. Evaluation performance**

As mentioned earlier the evaluation of performance is carried against the established standards,. The appraisers should be free from bias, and should

Take utmost care to avoid unnecessary errors. In addition the evaluation must cover the appraisal period.

## **5. Discuss Appraisal With Employee**

After making the evaluations, the rater communicates evaluation results to employees. The supervisor should have time to discuss on the performance feedback with each employers and give hear to employees' complaint. "The performance evaluation discussion with the subordinate serves to reestablish job requirements in the employees mind".

### **2.5. The Importance of Performance Appraisal**

Performance measurements are used administratively when ever are the basis for a decision about the employee's work conditions. Including basis f Including promotions, termination, and rewards and rewards (Gomez – Mejia and etal, 1995:257).

The overall objective of performance appraisal systems is to evaluate and give feedback to employees that will improve employee, and thus the organizations, effectiveness that will improve employee, and thus the organizations, effectives. In additions, performance appraisal data are potentially useful in variety of ways. Recent survey identified the areas in which business actually use appraisal information. They indicate that at lest 50% of those who responded use the appraisal process in areas related to compensation (merit pay increases). Communication (feed back) Human resource planning (performance potential, succession planning), career planning, and internal employee administration.

(Mody and etal, 1990:282)

Performance appraisal is necessary when organizations terminate, promote, or pay people differently, as they are crucial defense if employees sue over such decisions. Thus, necessity likely accounts for

the wide spread administrative use as performance appraisal, but certain problems, including Leniency, are common when ratings are to be used for administration purposes.

Administrative uses of performance appraisal:

Compensation, promotion, Dismissal, Downsizing and Layoff

Development uses of Performance Appraisal

Identifying strength, identifying areas for growth, Development planning coaching and career planning (Mathis and Jackson, 1997:344 and 345).

## **2.6. Problem of measuring performance**

Whatever scheme of performance appraisal is used, there will always be fundamental inevitable problem. In essence, performance is a humane

Judgment' which, as we have already seen when considering personnel selection, suffers from problems of reliability and validity. Human judgment depends on the unique genetic and environmental influence that from each individual's value attitude, expectations and perceptions. (Tryson and York, 2000:151 and a52)

Performance appraisal problems are classified into two broad categories these are:-

- ❖ System design and operating system
- ❖ Rater's Problem

(Invancevich, 1979:324)

### **2.6.1. System design operating system**

Performance evaluation systems break down because they are poorly designed. The design can be balanced if the criteria of evaluation are poor, the technique used focus solely on activities rather than output result, or on personality traits rather than performance the evaluation may not be well received.

Industrial Psychologists wrote a lot about on evaluation standard, which measure the goodness of a worker. This is literally called criteria. They divided criteria by time to emphasize the fact that criteria obtained at some other (criteria obtained close to usage), Dist 1 (Criteria obtained at the same time predication instrument are administrated).

Variation being rarely correlated with something while the latter is a systematic variation that can be correlated with the predictor.

### **2.6.2 Rater's Error**

According to management literatures raters error include halo error leniency, strictness, central tendency, recent behavior bias, personal and judgment of evaluators. One psychology book logical Rating error,

(M. Blim and J. Naylor, 195:195)

## **2.7 Performance appraisal technique and criteria**

Method for appraising performance

Performance can be appraised by a number of methods as follows;

### **1. Category rating method**

Require a manager to make an employee's level of Performance on a specific form.

## 2. Ranking

This is the simplest the most expanded and expensive method of evaluation. The evaluation committee assess the worth of each title or on the contents.

But the job is not broken down into elements or factors, each job is compared with others and its placement is determined.

The method has several drawbacks. Job evaluation subjective at the job is not broken into factors is it hard to measure whole jobs.

## 3. Management by Objectives /MBO/

The MBO reflects a management philosophy which values employees contribution.

Application of MBO in the field of performance. Appraisal is a recent desire describes four steps

- The first steps are to establish the goal each subordinate is to attain. In some organizations superiors and subordinates work together to establish goals. In others superior establish goals for subordinate. The goal typically refer to the desired outcome to be achieved, this goal used to evaluate employees performance.
- The second step involves setting the performance standard for subordinates previously arranged time period. As subordinates performance they know fairly well what there is to do. What has been done, and what remain to be done.
- The third steps the actual level of goal attainment is compared with the goals agreed upon. The evaluator explore reasons for the goal that were not met and for a goal that were exceeded. This steps helps determine possible training needs. It also alerts the superior to conditions in the organizations that may affect subordinates but over which the subordinate has no control.
- The final step involves establishing new goals and possibly new strategy for goal not previously attained superior involvement in a goal setting may change (As watheappa, k (2003:311))

## CHAPTER THREE

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 3.1 INTRODUCTION

In this section the data collected using questionnaire summarized tabulated and analyzed. From 40 distributed questionnaires 36 of them have properly filled and returned.

The result was analyzed as follows.

**TABLE 2 PERSONAL DATA OF RESPONDENTS**

No	Item	Response	responses	
			No	percentage
1	Sex	Male	20	56
		Female	16	44
	<b>Total</b>		<b>36</b>	<b>100</b>
2	Age by range	Below 30 years		
		From 31-40 years	22	60
		From 41-50 years	9	25
		Above 50 years	5	14
3	Educational status	Below and certificate	10	27
		Collage diploma	18	50
		Bachelor Degree	8	23
		Master and above	-	-
	<b>Total</b>		<b>36</b>	<b>100</b>
4	Current position in EGTE	Human Resource personel	4	8
		Secretary	2	6
		Financial officer	1	3
		Material Management clerk	1	6
		Auditor	1	14
		Auditor	9	22
		Finance clerk	18	42
		operational clerk		
	<b>Total</b>		<b>36</b>	<b>100</b>

5	Work Experience in EGTE	Below 5 years	-	-
		6-10 years	2	6
		14-20 years	31	88
		Above 20 years	3	6
	<b>Total</b>		<b>36</b>	<b>100</b>
6	Years of service else where?	Zero year	22	62
		Below 5 years	9	24
		6-10years	5	14
		11-20 years	-	-
		Above 20 years	-	-
	Total		36	100
7	Position regarding performance appraisals	Appraise	27	73
		Appraiser	5	14
		Both (Appraise and Appraisal)	4	13
	<b>Total</b>		<b>36</b>	<b>100</b>

### 3.2 General Background

As indicate in item 1 table 2 20 % (56%) of respondents are male staff and the rest 18(44 %) are female staff this shows that the questionnaire was distributed between two sexes.

In item 2 of table 2 show that 22(60%) of respondents have age range 31-40 years and 9 (25%) of respondents age range 41-50 and the rest 5 (14%) respondents above 50 years.

The data shows that the Majority of respondents are matured in age.

In item 3 table 2 shows that Majority of respondents are well educated. i.e. 18(50%) of respondents have collage Diploma. And (23%) of respondents have

Bachelor Degree and only 10(27%) of Respondents have certificate and below certificate.

From the above educational information one can easily understand that the majority of respondents are well educated. If EGTE formulate

planned and organized performance appraisal system they can capable to work.

In table 2 item 4 respondents current position in EGTE 4 (12%) respondents are personal stuff 2(6%) secretary, 1(3%) Material Management clerk 5(14%) Auditor, 10(15%) are finance clerk and the rest operation clerk.

From the above information one can easily understand that the questionnaire is fairly distributed in all departments of EGTE head office. As indicate in item 5 table 2 the study covers all types of clerical employee whose have short year and long year of work experience with in EGTE 2(6%) respondents have 6 up to10 years experience 3(7%) of respondents have above 20 years experience in EGTE. The higher groups of respondents one of the senior groups whose have 11 years up to 20 years experience age31(87%) of respondents.

The above information shows that majority of respondents have well experienced in their work and from this one can understand that it is better to EGTE performance and achieving its objectives.

In item 7 table 2 the study covers Appraiser, appraise and Both(Appraiser, appraise) according to the above data Majority of the respondents are reties from this one can easily understand that we can get a correct information about performance appraisal system of EGTE.



**TABLE 3 RECOGNITION OF PERFORMANCE APPRAISAL**

No	Item	Response	responses	
			No	percentage
1	Does EGTE practice performance appraisal?	Yes	36	100%
		No	-	-
	<b>Total</b>		<b>36</b>	<b>100</b>
2	If question No 1 is "yes" Is there performance appraisal policy in EGTE?	Yes	30	85
		No	6	15
	<b>Total</b>		<b>36</b>	<b>100</b>
3	do you agree that the content of the policy is enough	Strongly agree	-	-
		Agree	16	16
		Natural	2	5
		Disagree	21	60
		Strongly disagree	7	19
	<b>Total</b>		<b>30</b>	<b>100</b>

### 3.3 Recognition of performance appraisal

In Table 3 question No.1 all respondents responded that EGTE practice performance appraisal

In the above information understand that EGTE practice performance appraisal.

In table 3 question 2 (85%) of respondents respond that there is a performance appraisal policy in EGTE

However (15%) of respondents are responded EGTE are not aware of the existence of performance appraisal policy.

In the above information shows that the Majority of the workers of the EGTE know that existence of the performance appraisal policy.

In table 3 question 3 respondents who know that existence of the performance appraisal policy and its contents are rates as 28 (79%) of respondents are disagree /strong by disagree with the content of the policy. On the contrary 7(16%) respondents agreed the content of the policy; where as 2 (5%) are neutral on this point.

From this response it is possible to suggest that the content of the existing performance appraisal policy of EGTE are not fully supported by the employee.

**TABLE 4 FACTORS USED TO MEASURE EMPLOYEES PERFORMANCE**

No	Item	Response	responses	
			No	percentage
1	Do you agree that factors that measure your performance are highly related your job?	Strongly agree	2	5
		Agree	5	15
		Neutral	3	10
		Disagree	22	60
		Strongly disagree	36	10
	<b>Total</b>		<b>36</b>	<b>100</b>

### **3.4 Factors used to measure employees performance**

Table 4 refers that factors that measure employees performance appraisal regarding table 26 (70%) of respondents responded as disagree and strongly disagree that the factors used to measure performance appraisal; do not focus important aspects of job, on the other had 5(15%) of respondents agree the factors measure performance appraisal and the rest 2(5%) and 3 (10%) of respondents responded strongly agree and neutral on this point respectively.

In the above information indicates that factors that measure employ EGTE existing system is not related to employee's day to day activities.

**TABLE 5 APPRAISERS KNOWLEDGE/TALENT AND EXPERIENCE**

No	Item	Response	responses	
			No	percentage
1	How do you rate the appraisers Knowledge of the factors	Excellent	-	-
		Very good	5	12
		Neutral	3	7
		Poor	25	71
		Very poor	3	10
	<b>Total</b>		<b>36</b>	<b>100</b>
2	Do you think that appraisers / managers who appraisal have enough experience and barge / Talent in making performance appraisal?	Yes	5	12
		No	31	88
	<b>Total</b>		<b>36</b>	<b>100</b>

### 3.5 Appraiser's Knowledge

Item 5 table 5 indicates that 33(82%) of respondents agreed that on poor /very poor appraisals knowledge of factors used to measure employees performance, only 3(12%) employees respond that appraisers have responds very good knowledge of those factors.

Therefore, from the above information one can realize that appraisers do not have enough knowledge on the factors that they use to evaluate workers.

In Item 6 table 5 deals about the experience and ability/Talent of appraisers in conducting performance appraisal 31(88%) of respondents responded that

Appraisers' do not have experience /ability/Talent in measuring performance appraisal.

This can help to understand that the experience knowledge and talent of appraisers are not sufficient to measure performance appraisal of employee.

**TABLE 6 THE LABEL OF SATISFACTION**

No	Item	Response	responses	
			No	percentage
1	Q.7 How do you rate the level of satisfaction regarding performance appraisal?	Strongly satisfied	-	-
		Satisfied	3	10
		Neutral	2	3
		Dissatisfied	27	76
		Strongly dissatisfied	4	11
		<b>Total</b>		<b>36</b>

On the above responses shows that 31(87%) of the respondents responded dissatisfied /strongly by dissatisfied on the performance appraise system in the other hand only 3 (10%) of employee are satisfied on the existing performance appraisal system and 2(3%) respondents are neutral on this point.

Q. 8 in the above intimation respondents of dissatisfaction are identified some of the reason of dissatisfaction is:-

- Absence of performance plan
- Lack of recording employees performance continuously

Assigning the majority in the same group with out properly measuring the performance appraisal.

From the above information one can easily understand that the majority of employees are dissatisfied with performance appraisal system.

**TABLE 7 THE USAGE OF EMPLOYEES PERFORMANCE APPRAISAL**

No	Item	Response	responses	
			No	percentage
1	Q.9 Do you think that the employees performance appraisal results should be used for personnel activities	Yes No	36 -	100 -
	<b>Total</b>		<b>36</b>	<b>100</b>
2	If item No 1 is yes rank based on their importance you think performance appraisal should be used?	For promotion For salary increment & bones For Training For improvement of employee performance	7 23 2 4	20 65 5 10
	<b>Total</b>		<b>36</b>	<b>100</b>

### **3.7 The usage of employee's performance appraisal**

On the above data shows that respondents who have agreed further asked to rank the personnel activities based on their important 23(65%) of responded that performance appraisal is important for salary increment and bones, 7 (20%) respondents promotion and only 2 (5%) of respondents think for training purpose.

Therefore, performance appraisal results in EGTE is used mostly salary increment Bonus, and promotion purpose

**TABLE 8 BENEFITS OF PERFORMANCE APPRAISAL**

No	Questions	Response	responses	
			No	percent age
1	Which of the following do you think should be achieving through performance appraisal?	Better communication	6	16
		Better relationship between employees and mangers	8	22
		Better sense of contributing to achieve of the company as a whole	18	51
		Motivate employees to in enhance job satisfaction	4	10
	<b>Total</b>		<b>36</b>	<b>100</b>

### **3.8 Benefits of performance appraisal**

Performance appraisal should have its own benefits to the employee and the organization as a whole with regarding to this as indicated instable 10,18(51%) of employee responded that the performance appraisal highly contribute the achievement of the company as a whole 8 (22%) and 6 (16%) respondents have indicated that it can create better relationship between employees and managers and better communication respectively only 4(10%) of respondents indicate that it can motivate employees to enhance to job satisfaction.

Therefore from then above information one can understand that performance appraisal is not designed to motivate employees enhance job satisfaction.

**TABLE 9 THE CASE OF POOR PERFORMANCE EMPLOYEES**

No	Questions	Response	responses	
			No	percentage
1	What do you think about the case of poor performance of employee through out the year EGTE experience?	Absences of sound perform once appraises system	17	45
		Routine kind of work	5	15
		Absence of active participation in planning decision making	12	35
		Poor motivation	2	5
	<b>Total</b>		<b>36</b>	<b>100</b>

### 3.9 The case of Performance of employees

AS indicated that the above table the absence of active parts caption in planning and decision making is the main case poor performance of employees accounted 17(45%) and 12 (35%) of respondents responded absence of ground performance appraisal system and the rest 5(15%) and 2(5%) of respondents responded routine kind of work and poor motivation responsibility.

The above information indicates that absence of sound performance appraisal system one of the major cause of poor performance of employees

- ❖ Respondents where also to suggest the factors that they think important for EGTE to have a food performance appraisal system and they responded that:-

- The system should be planned and designed
- Factors for measuring performance appraisal system should be capable to measure employees objectivity
- Frequently following revision and review in the system until good performance system in force
- Employee's participation is necessary in establishing performance standard.
- Enhancing EGTE performance appraisal system from managers to subordinates 360<sup>0</sup> system.
- The format need to be job related as simple as possible valid, reliable
- The system should changed by result oriented system.



## Chapter four

### Summary of findings, conclusions and recommendation

This chapter deals with the summary of findings, conclusions and recommendations, based on the respondent response on the general overview of the going appraisal system.

#### 4.1 Summary of findings.

From the data, presentation, analysis and interpretation the researcher come up with the following findings

- According to the study 47% of respondents are male and the rest 42% of them are female this shows that the questionnaire is fairly distributed with in two sexes.
- The study shows that 60% of respondents age range have between 31-40 years this shows majority of respondents are matured.
- Concerning of educational status of respondents, 58% of them have collage diploma, and 23% of them have Bachelor Degree.
- According to the findings, since, EGTE is business organization 50% of respondents are operational -----, and majority of respondents have well experienced in EGTE.
- Concerning the practice of performance appraisal in EGTE all of them responded that EGTE practice performance appraisal and

85% of them agreed on the existence of performance appraisal policy in EGTE.

- The study shows that about content of the policy 60% of them are disagreed.
- Concerning the relationship between performance appraisal criteria and the job employees co, 60% of the respondents claim it to be less related.
- The study shows the appraisers knowledge of the factors for performance appraisal 71% of the respondents claim it appraisers do not have enough knowledge of the factors.
- Concerning the level of satisfaction regarding performance appraisal 76% of them responded dissatisfaction

Some of the reason of dissatisfactions are

- Absence of performance plan.
- Lack of recording employees performance cautiously.
- Assigning majority of employee in the same group without properly measuring performance appraisal are encountered.
- The Study shows that the employees performance appraisal results used for personnel activities, 65% of them responded the result mostly used only : salary increment and bonus.
- Concerning the achievement of performance appraisal 51% of them responded that performance appraisal is not designed to motivate employees enhance job satisfaction. And 65% of them responded that the result EGTE used salary increment, bonus and promotion purpose only.

- Concerning of employees thinking to achieve performance appraisal majority of them responded that in EGTE employees performance appraisal system not designed satisfaction.
- The study shows that the case of poor performance appraisal system 45% and 35% of them responded that the absence of sound performance appraisal system and absence of active participation in planning decision making of employees is responded respectively.
- The respondents also suggested that the factors that they think important to EGTE to have a good performance appraisal system as follows.
  - The system should be planned and designed.
  - Factors for measuring employees performance should be capable to measure employees objectively

## 4.2 Conclusions

**From the above of summary of finds drawn the following conclusions:-**

- The study shows that majority of respondents are matured and experienced in EGTE. So, it is empsons to achieve the organization goal, but the existing employees performance appraisal policy are not supported by employees and properly implemented.
- The absence of sound performance appraisal system is one of the major case for poor performance appraisal system in EGTE.
- Employees agreed that the factors used to measure the performance of employees are not related the a most important aspect of the job.
- Respondents agree that on poor appraisers knowledge of factors used to measure employees performance.
- Majority of respondents agree that the factors do not measure employees' performance objectively.

- Most of findings show that respondents are dissatisfied with the existing performance appraisal system of EGTE.
- The study shows that the absence of active participation of employees in planning and excision making is the case of poor performance in EGTE.
- The study show that employees performance appraisal results used only salary increment and bonus, not used training to improve poor performance.

### **4.3 Recommendation**

On the current ever going national and global Business sector educated employees are a major factor of a business. So, EGTE needs to quick adjustment it self water the changing internal and external environment of EGTE industry. And feasible and sustainable amendments should be need in the general and employee's performance appraisal system.

The existing appraisal system of EGTE is perceived by most of the respondents says that traditional subjective and not job related. Consultant, the existing system has created. Dissatisfaction on the part of employee's.

There fore, it is important to motivate employees by improving by performance appraisal system of EGTE.

So, the student researcher strongly believes that appraisers and rector plan together, what should be don't and how it should be done and use the approach of management by objective (MBO) appraisals system. It is best and fit the EGTE.

Thus, the above information the following suggestions are made on the following issue.

- None of the respondents agreed that the factors set to measure employees' performance are objectives, hence, EGTE should be introduce management by objective approach, in order to objectively

measured employees performance. MBO where both employee and appraisers agree on performance measured objectively.

- The study found out the factor used to measure employee's performance doesn't focus the most important aspects of the job. These will be the cause to dissatisfaction of employees in their work.
- Therefore, EGTE should consider the factors to focus the most important aspects of employees, in order to enhance their and increase productivity. In the finding of the study the existing performance appraisal system can not be used to measure performance, thus EGTE should apply efforts to raise employee's awareness on how behavior related performance creating. Like cooperation can be used to measure performance by providing training.
- EGTE should investigate the cause of employee's dissatisfaction on the existing performance appraisal system and ought to involve employee in designing the most effective and efficient system, which clarifies what they must do and how they should be have.
- EGTE should formulate clear direction identifying how the performance appraisal can be used for other human resource decisions and purpose.  
EGTE formulate clear design and policy towards performance appraisal that will be fully supported by the employees and properly implemented.
- Absence of employee's active participation in planning and decision making the main cause of poor performance appraisal system in EGTE.
- Therefore, EGTE should be introducing participatory decision making system in order to motivate its employee for better performance.
- The efficacy of appraisers in interpreting the performance rating factors has found out unsatisfactory. Hence, EGTE should offer

continues and appropriate training to appraisers. So, that, they can interpret the factors properly and correctively.