

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

**AN ASSESSMENT OF EMPLOYEES PERFORMANCE APPRISAL
IN ETHIOPIAN RED CROSS SOCIETY (ERCS): THE CASE OF
NATIONAL HEAD QUARTER (NHQ)**

**BY
SHEWIT ELIAS**

**JULY 2010
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IN ETHIOPIAN RED CROSS SOCIETY (ERCS)
NATIONAL HEAD QUARTER (NHQ)**

**A SENIOR ESSAY SUBMITTED TO THE
DEPARTEMENT OF MANAGEMNT
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**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

Chairperson	Signature
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Advisor	Signature
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Examiner	Signature
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CHAPTER ONE

Introduction

1.1 Background of the study

Performance appraisal is a formal, structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that employee, organization, and society all benefit (Aswathappa, k.2002, pp200).

Flippo has rightly observed, "The essential purpose in this the systematic and periodic appraisal is the accurate measurement of human performance. It attempts to reduce, if not to eliminate, human bias and prejudice by means of a system, particularly a system that is subject to impartial review and check". Thus, the appraisal system seeks to determine what the executive contributes rather than what the executive is (Michael V.P, 1999, pp674).

Performance appraisals are essential for the effective management and evaluation of staff. Appraisals help to develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their immediate supervisor. Appraisal provides the context in which managers can seek to ensure that there is acceptable congruency between the objectives of the individual and those of the organization. The role of performance appraisal is primarily viewed to develop the employee and build conditions of trust between the employees and their boss. (performanceappraisal.com)

ERCS support or plays a supplementary role to the government's humanitarian efforts in alleviating the vulnerability of the people. So in order to accomplish the given role will have to improve job performance and improve organization effectiveness.

Performance Appraisal is helpful to consider employee's suitability for different transfers and placements. It also serves as a means for evaluating the effectiveness of certain personnel programme such as selection process and training programmers in an organization.

The emphasis of this study is to assess the impact and problems of performance appraisal and the satisfaction of employee's on attaining the organization goal in Ethiopia Red Cross Society (ERCS), National Head Quarter (NHQ).

1.2 Statement of the Problem

Performance appraisals process provides the stage for development and motivation, so organizations should encourage a feeling that performance appraisals are positive opportunities, in order to get the best out of the employees. It is useful to provide important data the overall activity of the employees and the organization activity. It has to be conducted correctly and make sure the results are conducted to the employees. If the process goes correctly it is clear that it will increase the performance of employees and the organization performance as well. An absence of performance appraisal method in an organization will create dissatisfaction on the job and change in behavior this will minimize the productivity. Manager use the performance appraisal to refer who deserves a promotion, additional salary and termination. But based on the preliminary observation ERCS performance appraisal evaluation criteria is not related with their job task otherwise inappropriate of performance appraisal is dissatisfied and

demotivated employees. Evaluation of employees work should be done in a systematic and proper way the area on the position of their tasks. To this end, the student researcher inspired to assess the performance appraisal process and satisfaction of employees in the evaluation.

1.3 Research Questions

1. To what extent employees are satisfied with the existing performance Appraisal criteria?
2. What potential problems are encountered in the process of performance appraisal in ERCS and how can it overcome?
3. What methods of feedback and handling post assessment performance discussions with employees in ERCS?

1.4 Objectives of the study

1.4.1 General Objective

The general objective of this study is to assess the current performance appraisal criteria of ERCS.

1.4.2 Specific Objectives

- To assess the satisfaction of employees of ERCS in the application of performance appraisal.
- To analyze on how to prepare an effective performance appraisal.
- To see whether employees get feedback to performance appraisal result.
- To identify the problems in performance appraisal in ERCS.
- To recommend the organization a better Performance Appraisal technique based on the findings.

1.5 Significance of the Study

The study is benefited ERCS to look into its performance appraisal contribution on the attainment of organizational objective. It also encourage smooth relation between the employees and the management, which indicate the direction for promotion, salary growth based on good performance of jobs and also help the other to conduct further study in the organization. The study is helpful to know the organizations major strength and weakness of the performance appraisal method and also help for further research as reference.

1.6 Scope of the Study (Delimitation)

This study is fully interested to assess performance appraisal of employees by taking ERCS. The study include ERCS national head quarters that is found next to Gandhi Memorial Hospital other branches offices not be included because It is not manageable by the student researcher according to time and money consriants, NHQ holds the president of the board members and also all board members from all levels attend to deliberate on issues related to the national society and other different aspects are found in the National Head Quarters.

1.7 Research Design and Methodology

1.7.1 Research Design

The study uses Descriptive type of research in order to describe the situation of performance appraisal in ERCS.

1.7.2 Population and Sampling Techniques

The populations of the study were employees of ERCS of the National Head Quarters that include both management and non-management staff. The Total populations of ERCS are 240, 5 management staff and 235 non-management staff. Among 235 non-management employees in NHQ 20% of them which is 47

and 5 management staff 20% which is 1 employee considered as a unit of the study by assuming that this figure is representative to make generalization towards the entire population. Further, to approach the respondent's simple random sampling technique utilized because the technique is essential to give equal chance to the population.

1.7.3 Types of Data Used

The study uses both primary and secondary data. Primary data is collected from questioners and interview. Secondary data is collected from the company records.

1.7.4 Methods of Data Collection

Data collection instruments of the research used were two types: questioners and interview. Questioners were developed for both the management and non-management staff. The interview also conducted to the human resource department to get the relevant information on the performance appraisal.

1.7.5 Methods of the data analysis

The data is presented in tabular form; percentage analyses were followed by interpretation.

1.8 Limitation of the Study

The major problem was the questionnaire given to the respondents wasn't properly and timely returned. And time is also the major resource affecting the research work.

1.9 Organization of the Study

The study consists of four chapters. First chapters covers Background of the study, Statement of the problem, Research questions, objective of the Study, significance, scope of the study, Research Methodology and organization of the study.

The second chapter deals with Literature review on Performance Appraisal and related issues. The third chapter talks about Data presentation, analysis and interperatation.The fourth chapter include summary, conclusion and recommendation of the study.

CHAPTER TWO

2. Review of Literature Review

2.1 Definitions of Performance Appraisal

Performance Appraisal is the process of evaluating the ability of an individual employee against predetermined standards usually set in the job description. It replaces casual assessment with formal, systematic, scientific, objective and professional procedures. Employees know they are being evaluated and they are told the criteria that will be used in the course of the appraisal. nothing is kept secret .The appraiser and the appraise should carry out this task jointly in a cordial atmosphere stressing on the plus points and finding out ways and means of overcoming drawbacks, if any of the appraise.(R.C Goyal,2002 pp.356)

Performance Appraisal is a systematic evaluation of personnel by supervisors or others familiar with their performance because employers are interested in knowing about employee performance.(Monappa,1996 pp.208)

Performance appraisal (PA) is one of the important components in the rational and systemic process of human resource management. The information obtained through performance appraisal provides foundations for recruiting and selecting new hires, training and development of existing staff, and motivating and maintaining a quality work force by adequately and properly rewarding their performance. Without a reliable performance appraisal system, a human resource management system falls apart, resulting in the total waste of the valuable human assets a company has.

There are two primary purposes of performance appraisal: evaluative and developmental. The evaluative purpose is intended to inform people of their performance standing. The collected performance data are frequently used to

reward high performance and to punish poor performance. The developmental purpose is intended to identify problems in employees performing the assigned task. The collected performance data are used to provide necessary skill training or professional development. The purpose of performance appraisal must be clearly communicated both to raters and ratees, because their reactions to the appraisal process are significantly different depending on the intended purpose. Failure to inform about the purpose or misleading information about the purpose may result in inaccurate and biased appraisal reports. (www.performanceappraisal.com)

2.2 Uses of Performance Appraisal

- i. It provides a clear understanding to manage the superior about his subordinates contribution and the capability or potentiality to contribute;
- ii. It serves as a basis for improving the quality and quantity of performance of the executives in their present works.
- iii. It helps to identify the strengths and weakness and to introduce methods to make the best use of the strengths and to overcome weakness;
- iv. Appraisal enables the concerned executive to know where he stands, and to know his worth.
- v. Appraisal provide basis for promotion.
- vi. It provides basis for fixing compensation grade, and incentives;
- vii. Appraisal provides adequate information to the superiors to give appropriate recognition to their subordinates.(Michael,1999,pp 675-676)

2.3 Objectives of Performance Appraisal

The main purposes of performance appraisal are:

1. To effect promotions based on competence and performance
2. To assess the training and development needs of employees
3. To decide upon a pay raise where (as in the unorganized sector) regular pay scales have not been fixed.
4. To improve communication. Performance appraisal provides a format for dialogue between the superior and the subordinate, and improves understanding of personal goals and concerns. This can also have the effect of increasing the trust between the rater and the ratee.
5. Performance Appraisal can be used to determine whether HR programs such as selection, training and transfers have been effective or not (Aswathappa, k. 2002, pp 200).

Performance appraisal serves four objectives (D.Fisher, et al., 1997, pp.455)

- 1) Developmental uses : for the purposes of
 - Identification of individual needs
 - Performance feedback
 - Determining transfers and job assignments
 - Identification of individual strengths and developmental needs
- 2) Administrative uses / Decisions
 - Salary
 - Promotion
 - Retention or termination
 - Recognition of individual performance

- Lay-offs
 - Identification of poor performers
- 3) Organizational maintenance
- HR planning
 - Determining organization training needs
 - Evaluation of organizational goal achievement
 - Information for goal identification
 - Evaluation of HR systems
 - Reinforcement of organizational development needs
- 4) Documentation
- Criteria for validation research
 - Documentation for HR decision
 - Helping to meet legal requirements

2.4 The Performance Appraisal Process

The basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively. In order to realize the purpose of performance appraisal organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated below:

1. Establishing Performance Standards

The first step in appraising performance is to identify performance standard. A standard is a value or specific criterion against which actual performance can be compared (Baird, et.al, 1990). Employee job performance standards are established based on the job description.

Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the broad criteria against which employee's performance is measured.

2. Communicating Standards to Employees

For the appraisal system to attain its purposes, the employees must understand the criteria against which their performance is measured. As Werther and Davis (1996), stated to hold employees accountable, a written record of the standards should exist and employees should be advised of those standards before the evaluation occurs.

Providing the opportunity for employees to clearly understand the performance standards will enhance their motivation and commitment towards their jobs.

3. Measuring Performance

Once employees have been hired their continued performance and progress should be monitored in a systematic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the already established job performance standards and requirement. The aim of performance measure is to detect departure from expected performance level.

4. Comparing Performance with Standard

After evaluating and measuring employee's job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compare performance with the standard either performance match standards or performance does not match standards.

5. Discussing Appraisal with Employees

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results (Glueck, 1978). After the evaluation, the rater must describe work-related progress in a manner that is mutually understandable. According to Baird et.al. (1990),

feedback is the foundation upon which learning and job improvement are based in an organization. The rater must provide appraisal feedback on the results that the employee achieved that meet or exceed performance expectations. As Glueck (1978) noted, reaction to positive and negative feedback varied depending on a series of variables such as:

- The importance of the task and the motivation to perform it
- How highly the employee rates the evaluator
- the extent to which the employee has a positive self-image, and
- The expectancies the employee had prior to the evaluation; for example, did the employee expect a good evaluation or a bad one?

In sum, it is important that employees should be fully aware that the ultimate purpose of performance appraisal system is to improve employee performance, so as to enhance both organizational goal achievement and the employee's satisfaction.

6. Initiating Corrective Action

The last step of the performance appraisal is taking corrective action. The management has several alternatives after appraising performance and identifying causes of deviation from job-related standards. The alternatives are 1) take no action, 2) correct the deviation, or 3) review the standard. If problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must analyze and identify the reasons why standards were not met. This would help to determine what corrective action should be taken. For example, the cause for weak performance can range from the employee job misplacement to poor pay. If the cause is poor pay, corrective action would mean compensation policy reviews. If the cause is employee job misplacement, corrective action would mean assign employee to a job related to his/her work experience and qualification. Finally, it is also important to revise the performance standard. For example, the major duties

stated in the job description and the qualification required to do the job may not match. In this case corrective action would mean to conduct job analysis to effectively determine the job description and job specification. Hence, the evaluator would have a proper guide i.e., performance standards that make explicit the quality and/or quantity of performance expected in basic tasks indicated in the job description (Chatterjee, 1995).

2.5 Who are Raters?

Raters can be

Immediate supervisor is the fit candidate to appraise the performance of his or her subordinates there are three reasons in support of this choice. No one is more familiar with the subordinate's performance than his or her superior.

Subordinates can assess the performance of their superiors. They used this choice may be useful in assessing an employee's ability to communicate, delegate work, allocate resources and deal with employees on a fair basis. But the problem with subordinate evaluation is that that supervisors tend to become more popular, not by effective leadership.

Peers are in a better position to evaluate certain facts of job performance which the subordinates or supervisors cannot do. Closeness of the working relationship and the amount of personal contacts place peers in a better position to make accurate assessments. Unfortunately, friendship or animosity may result in distortion of evaluation. Further, when reward allocation is based on peer evaluation, serious conflicts among co-workers may develop. Finally, all the peers may join together to rate each other high.

Clients are seldom used for rating employee performance; nothing prevents an organization from using this source. Clients may be members within the

organization who have direct contact with the ratee and make use of an output (goods or service) this employee provides (Aswathappa, k. 2002 pp204).

2.6 Appraisal Interview

Norman Maier has described three appraisal interviews each with a specific and slightly different objective.

The Tell and Sell Method

- The purpose is to communicate the rater's evaluation to the employee as accurately as possible. It assumes that the evaluation was done in fairness. The rater's purpose is to communicate to the employee his performance, to gain his acceptance of the evaluation, and to draw up a plan of improvement for him. The employee is likely to question the rater's evaluation, which might place the latter in a face-saving situation. Patience, understanding, sensitivity to employee's resistance, and the ability not to use a supervisor's power, are the most important characteristics of a rater. (VP. Micheal 2002 pp688-695).

The Tell and Listen Method

- The purpose of this method is to communicate the evaluation to the employee, and then let him respond to it. The first part covers the strengths and weaknesses of the employee, and second explores his feelings about the evaluation. In contrast to the first method, the rater, having initiated the discourse, listens to the employee. The employee should leave the room reassured that his superior is concerned about him. (VP. Micheal 2002 pp688-695).

The Problem-Solving Approach

Some companies require their managers, supervisors and raters to have appraisal interviews with those evaluated, this is not extensively done because of the following practical difficulties:

- Some managers may not be enthusiastic about such dialogues with their subordinates.
- If the rater has a small number of employees the time consumed may not be great, but where the number of employees under each rater is large, it may demand much time (VP. Micheal 2002 pp688-695).

2.7 How often Should Performance Appraisal be Done?

According to Wayne(2007), formal appraisal can be done every six months or once a year. These days companies have realized that once a year doesn't work very well. And so many need the appraisal to be at least more than one year. There should be no surprise in appraisals; one way to do this is doing it regularly. It is of a great benefit for both rater and ratee and the entire organization to implement appraisal as frequent as possible for the growth of the firm and effective career development management.

2.8 Techniques of Performance Appraisal and when to use each Method

Various scholars suggest that a number of performance evaluation technique. Among these, Glueck and Ivanceich have identified evaluation technique by classifying them in to two categories as.

1. Individual evaluation method
2. Multiple person evaluation method

2.8.1 Individual evaluation method

A. Graphic rating scale

It is the oldest and most widely used method of performance appraisal. It requires the rater to provide a subjective evaluation of an individual's performance along a scale from low to high. The evaluation based solely on the opinion of the rater. And in many cases, the criteria are not directly related to the job performance.

In this technique the evaluator is presented with a set of traits such as quantity of work, quality of work, knowledge of the job, personnel qualities cooperation, and the like; and asked to rate the employees on each of the characteristics rated varies from a few to several dozen.

Werther believes that the rating scales are inexpensive to develop and administer, rates need little training or time to complete the form and this method can be applied to a large number of employees.

Even if it is simple and inexpensive, this method has its own drawbacks. This are

- The likelihood of the raters subjectivity
- Possibilities of omitting specific criteria
- Possibilities of reliance on irrelevant personality and trait that dilute the meaning of the evaluation

B. Forced choice

The forced choice method of evaluation was developed because other methods at the time led to too many high ratings. In forced choice, the rater must choose from a set of descriptive statement about the employee.

This method reduces rater biases because employees must be ranked relative to each other, preventing all employees from being rated superior. It is also easy to administer and fits a wide variety of jobs.

However, the general statement may not be specifically job related and even worse. An employee may feel slighted when one statement is checked in preference to another. (Werther, 1993 pp 349)

C. Checklist and Weighed Checklist

Another type of performance evaluation method is the checklist. The checklist method requires the rater to select a word or statement that best describes the employee's performance and characteristics. In its simplest form, the checklist is a set of objectives or descriptive statements. If the rater believes that the employee possesses a trait listed, he/she checks the item; if not, the rate leaves it blank. A rating score from the checklist equals the number of checks.

Without the raters' knowledge, however, the HR department may assign weights to different items on the checklist, according to each item's importance. The result is called a weighted checklist which is a variation of the checklist. The weights for each item are in parenthesis but usually are omitted from the form the rater uses.

Even if checklists provide the advantages of economy, ease of administration, limited requirement of raters' trainings and standardization, the use of general statements reduce its job relatedness.

D. Behaviorally Anchored Rating Scales (BARS)

BARS are a family of evaluation approaches that identify and evaluate relevant job related behaviors: specific, named behaviors are used to give the rater reference points in making the evaluation.

BARS are vertical scales, with several anchors listed. A BARS rating form usually contains 6 to 10 specifically defined performance dimensions, each with 5 or 6 critical incident anchors. Anchors are brief statements of actual worker behavior on the job. They indicate the specific degrees of job performance. There are usually six to ten of these statements. They vary from the poorest performance level at the bottom to the highest level at the top. This method attempts to reduce some of the subjectivity and biases found in other approaches to performance measurement.

E. Behavioral Observation Scales (BOS)

Like BARS, the BOS use the critical incident technique to identify a series of behaviors that cover the domain of the job. The BARS discussed above are primarily concerned with defining poor to superior performance; BOS ask the rater to indicate the frequency of the identified behavioral anchors, usually along a five point scale from 'almost never' to 'almost always'.

2.8.2 Multiple –person Evaluation Method

A. Ranking

In ranking method, the evaluator is asked to rate employee from highest to lowest on some overall criterion. This is very difficult to do if the group of people to be compared numbers over 20. It is also easier to rank the best and worst employees than it is to evaluate the average ones. Simple ranking can be improved by alternative ranking.

In this approach, the evaluators pick the top and bottom employees first, then select the next highest and next lowest, and move toward the middle. Advantages to this evaluation technique include ease of administration and explanation. Yet, the technique is subject to the halo and recency effects.

B. Paired Comparison

This approach makes the ranking method easier and more reliable. First, the names of the persons to be evaluated are placed on the separate sheets (or cards) in a predetermined order, so that each person is compared to all others to be evaluated.

The evaluator then checks the person he/she feels is the better of the two on a criterion for each comparison. Typically, the criterion is overall ability to do the present job.

The number of times a person is preferred is tallied and results are indexed based on the number of preferences compared to the number being evaluated. These scores can be converted into standard scores by comparing the scores to the standard deviation and the average of all scores. (Weather, 1993:pp.358)

Although subject to halo and recency effects, this method overcomes the leniency, strictness, and central tendency errors because some employees must be rated better than others.

C. Forced Distribution

Forced distributions require raters to sort employees into different classifications. A certain proportion of employees usually must be put in each category, such as 10 percent in low, 20 percent in low average, 40 percent in average, 20 percent in high average and 10 percent in high. One way to do this is to type each employee's name on a card and ask the evaluators to sort the cards into five piles corresponding to the ratings.

As with the ranking method, specific differences among employees are not given, but this method does overcome the biases of the error of central tendency, leniency, and strictness. Nevertheless, some workers and supervisors strongly dislike this method because some employees receive lower ratings that they or their supervisor-rater though were correct.

D. Point Allocation Method

Point allocation method of appraisal requires the rater to allocate a fixed number of points, for example, 100, among employees in the group. Good performers are given more points than poor performers. The advantage of the point Allocation Method is that the rater can recognize the relative differences between employees, although the halo effect and the recency bias exist. (Wert her, 1993:pp.357)

2.9 What should be Rated?

One of the steps in designing an appraisal programme is to determine the evaluation criteria. The six criteria for assessing performance are:

1. **Quality:** The degree to which the process or result of carrying out an activity approaches perfection in terms of either conforming to some ideal way of performing the activity, or fulfilling the activity's intended purpose.
2. **Quantity:** The amount produced, expressed in monetary terms, number of units, or number of completed activity cycles.
3. **Timeliness:** The degree to which an activity is completed or a result produced, at the earliest time desirable from the standpoint of both co-ordinating with the outputs of others and of maximizing the time available for other activities.
4. **Cost Effectiveness:** The degree to which the use of the organization's resources (e.g. human, monetary, technological and material) is maximized in the sense of getting the highest gain or reduction in loss from each unit or instance of use of a resource.

5. **Need for Supervision:**The degree to which a job performer can carry out a job function with out either having to request supervisory assistance or requiring supervisory intervention to prevent an adverse outcome.
6. **Interpersonal Impact:** The degree to which a performer promotes feling of self-esteem,goodwill and co-operation among co-workers and subordinates.

2.10 Requirements of Effective Appraisal Methods

According to Wayne(2007) ,for appraisal to be effective the following criterea need to be fullfilled

- 1.**Relevance:-** implies a direct link between performance standards and organization goals and could also mean to say clear link between job analysis and appraisal form.It also implies that perodic maintenance and updating of job analysis,performance standards and appraisal systems.
- 2.**Sensitivity:-** implies that a performace appraisal system is capable of distinguishing effective from ineffective performers.
- 3.**Reliability:-**refers to consistency of judgement.
- 4.**Practicality:-**Implies that appraisal instruments are easy for mangers and employees to understand and use.

2.11 PROBLEMS IN PERFORMANCE APPRAISAL

They are different problems in performance appraisal. Some of them are (www.performanceappraisal.com)

1. Problems with Leniency and Strictness:-

- The leniency bias crops when some raters have a tendency to be liberal in their rating by assigning higher rates consistently
- Equally damaging one is assigning consistently low rates.

2. Problems with Central Tendency:-

- Some raters appraise all the employees around the middle point of the rating scale and they avoid rating the people higher or lower level.
- They follow play safe policy because of answer ability to management or lack of knowledge about the job and person he is rating or least interest in his job.

3. Problems with Personal Prejudice:-

If the rater dislikes any employee, he may rate them at the lower end and this may distort the rating purpose and affect the career of these employees.

4. Problems with Halo Effect:-

- A person outstanding in one area tends to receive outstanding or better than average ratings in other areas as well, even when such a rating is undeserved
- To minimizing the halo effect, you should appraise all the employees by one trait before going to rate on the basis of another trait.

5. Problems with Recent Performance Effect:-

In general, raters remember the recent appraisal of the employee and they usually follow appraisal results last time.

CHAPTER THREE

3. Data Analysis and Interpretation

To get the necessary data about the performance appraisal system in Ethiopian Red Cross Society (ERCS), National Head Quarter (NHQ) questionnaire was

designed and distributed to 47 non- management staff and interviewed to 1 management staff. Out of 47 questioners distributed to non- management staff, 44 were properly filled in and returned.

3.1 Characteristics of the study population

From the total population of 240 of ERCS employees, 20% was taken as a sample. 47 Questioners were prepared for non-management staff (having 18 Questions and the remaining 1 were for the management staffs who were interviewed (having 8 Interview questions).The sampling Technique used for this research is Simple random sampling technique.

Table 1 Personal Information's of respondents

No.	Descriptions	Number of respondents	Percentage (%)
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1	Sex:		
	Male	14	32
	Female	30	68
	Total	44	100%
2	Age:		
	18-28	15	34
	28-38	14	32
	38-48	10	23
	48-58	2	4
	Above 60	3	7
	Total	44	100%
3	Education:		
	Below 12 grade	–	–
	12th grade	6	14
	Diploma	12	27
	BA degree	23	52
	Masters Degree	3	7
	Total	44	100%
4	Work Experience:		
	Below 3 yrs	6	14
	3-5 yrs	12	27
	6-10 yrs	11	25
	11-20 yrs	8	18
	Above 20 yrs	7	16
	Total	44	100%

As shown in Item1 of Table 1 above, out of the 38 respondents, 24(63%) of them are females and the rest 14(37%) are males.

Item 2 of table 1 the age group of the sample respondents, 13(34%) are between 18 and 28, 12(32%) to the age group of 28-38, 8(21%) to the age group of 48-58 and the remaining 3(8%) to the age group of above 60, this indicates the majority of the employees are matured.

Item 3 of Table 1 indicates that 13% of the respondents are 12th grade complete, 26% are diploma graduates, 53% are degree graduates and 8% are master's degree holders. This implies that employees of ERCS are qualified work force and knowledgeable.

Item 4 of table 1 indicate the work experience of the respondents in ERCS 16% employees have below 3 yrs of experience, 26% have 3-5 yrs of experience, 24% employees have 6-10 yrs experience 18% and 16% have 11-20 yrs and above 20 yrs experience respectively. This implies that most of the employees have middle experience.

3.2 Analysis of the Findings of the Study

Table2 Responses on Importance of performance Appraisal to Employees

NO	Alternatives	Respondent	
		Number	Percentage (%)
1	a. Very Important	34	77
	b. Less Important	3	7
	c. Not Important	1	2
	d. Average	6	14
	Total	44	100%

As shown in Table 2, 77% of the respondents believe that performance appraisal is very important to employees. However, 7% of the respondents selected “Less Important” about the importance of performance Appraisal. 2% responds “Not Important”, 14% of the respondents selected “average” for the item about the importance of performance appraisal to employees. So, almost majority of respondents believe and understand performance Appraisal is important to employees. The management also responds performance appraisal helps direct employee behavior toward organizational goals by letting employees know what is expected of them, and it yields information for making employment decisions, such as those regarding pay raises, promotions, and discharges.

Table 3 Objectives for the importance of performance appraisal

NO	Respondents
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	Alternatives	Number	Percentage (%)
2	a. To strengthen good sides and correct weak sides	3	7
	b.To Increase productivity of Employees	3	7
	c. To identify high skilled employees	–	–
	d. To give them an appropriate training	2	4
	e. All	36	82
	Total	44	100%

Almost 36(82%) of the respondents said that the objectives of performance appraisal is highly important for all given alternatives.7% of the respondents for the objective To strengthen good sides and correct weak sides, 7% of the respondents said to increase productivity of employees for the objective of performance appraisal and 4% of respondents said it is important to give them an appropriate training. This implies the majority of the respondents believe on all the objectives is performance appraisal is highly important.

Table 4 Person who Evaluate Employees in ERCS

No	Respondents
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	Alternatives	Number	Percentage (%)
3	a. Immediate Supervisor	28	64
	b. Work Colleagues	–	–
	c. Department Head	15	34
	d. HR Department	1	2
	e. All	–	–
	Total	44	100%

As presented in table 4, 2% of the respondents indicate that “HR Department” appraise them, 64% of the respondent clearly put “Immediate Boss” appraise there performance where as 34% of the respondents mentioned “department Head” appraise them. It shows the majority of the employees are apprised by their Immediate Boss. Appraising employees by their Immediate Boss is more often used since they are close to examining the day to day performance of employee. So, it helps to examine the day to day performance of employee.

Table 5 Trust in Appraisal Process

No	Alternatives	Respondents	
		Number	Percentage (%)
4	a. Very High	11	25
	b. High	10	23
	c. Neutral	1	2
	d. Very low	2	5
	e. Low	20	45
	Total	44	100

As shown in Table 5 above, 11(25%) of the respondents the degree of trust in the appraisers is very high, 10(23%) of them also said high, 1(2%) said neutral and 22(50%) said there trust in the appraisers are low. From the above information, it is possible to say the majority of the employees have low trust in the appraiser. So this implies the relationship between the appraiser and appraise are not smooth.

Table 6 Criteria of performance Appraisal related to your current

Position

No	Alternatives	Respondents	
		Number	Percentage (%)
5	a. Excellent	6	13
	b. Very Good	8	18
	c. Good	4	9
	d. Poor	2	5
	e. Very poor	24	55
	Total	44	100%

According to the information provided in table 6, 31% of the respondents believe that the performance appraisal criteria is “Excellent” related with their current position, 9% believe it is “good”, 5% and 55% believe that is “poor” And “Very Poor” respectively that is among 60%.The majority of the respondents believe that the criteria of performance appraisal is not related to their job.

Table 7 Satisfaction with the six month time span evaluation

NO	Alternatives	Respondents	
		Number	Percentage (%)
6	a. Excellent	–	–
	b. Very good	8	18
	c. Good	20	45
	d. Poor	6	14
	e. Very poor	10	23
	Total	44	100%

In table 7, 8(18%) responds they are satisfied with the six time gap Most of the respondents 20(45%) reported the evaluation that is done in the ERCS is twice a year and they are satisfied with that. The management also responds they use an appraisal twice a year and they believe the employees are satisfied with the gap. So using an appraisal as frequently as possible is very important for the growth of the organization and effective carrier development managemnet.

Table 8 Distinguishing High Performers from Low Performers

No	Alternatives	Respondents	
		Number	Percentage (%)
7	a. Very High	8	18
	b. High	20	45
	c. Very low	6	14
	d. Average	8	18
	e. No Impact	2	5
	Total	44	100%

The finding from Table 8 indicated that 63% of the respondents believe it is “Very High”, 14% responses Very low, 18% and 5% believe average and No Impact. So one of the objectives of performance appraisal is distinguish high performers from low performers otherwise the high performer can’t reward effectively and low performer can’t get the appropriate training.

Table 9 Information about the result of employee’s appraisal

No	Alternatives	Respondents	
		Number	Percentage (%)
8	Yes	42	95
	No	2	5
	Total	44	100%

From the data on Table 9, 95% of the respondents revealed that they are informed about their appraisal result, where as 5% believe they are not provided their

performance result. It shows that the employees get their result and it helps them to increase their performance for the next appraisal.

Table 10 Communication about the Evaluation Result

No	Alternatives	Respondents	
		Number	Percentage (%)
9	a. Immediate Boss	26	59
	b. Department Head	12	12
	c. Supervisor	2	5
	d. Work Colleagues	4	9
	Total	44	100%

Employees in the ERCS were asked with whom they communicate on there evaluation result 59% of the respondents said with their “Immediate Boss”, 12% respond with there “Department Head”, 5% and 9% responds with there supervisor and work colleagues respectively. It is easily shown the majority of the respondents communicate with their Immediate Boss that is the one who Evaluate them. So, they can easily get feedback from the appraisers and their relationship will be smooth.

Table 11Part of the Evaluation Form need to be revised

No	Alternatives	Respondents
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		Number	Percentage (%)
10	a. The contents	4	9
	b. The Rating Scale Method	8	18
	c. Based on job position	18	41
	d. All	14	32
	Total	44	100%

An ERCS respondent 41% responds the performance evaluation criteria must be revised based on the job position,32% believe the contents, the rating scale method and the criteria based on job position has to be revised. If the evaluation form revised based on the employee job position accordingly then appraisal result will be successful and increase organization and the employee's productivity.

Table 12 Satisfaction with the Current Appraisal System

Item no	Alternatives	Respondents	
		Number	Percentage (%)
11	Yes	16	36
	No	28	64
	Total	44	100%

Almost 28(64%) of the respondents said that they are dissatisfied with the current evaluation method. In this case the current system of performance Appraisal in ERCS would have a low satisfaction and the contribution also low and some mentioned reasons for there satisfactions are:

- It has to be based on job description and assignment of the employees otherwise the use will be only for documentation purpose.
- No reward for the employees based on their performance.

Table 13 Attitude about the Rater’s Evaluation

Item no	Alternatives	Respondents	
		Number	Percentage (%)
12	a. independent to each other	24	55
	b. I don’t know how they evaluate	12	27
	c. By comparing with other employees	8	18
	d. I have never been Evaluated at all	–	–
	Total	44	100%

Any body can understand from this table 13 most of the employees that is 24(55%) are evaluated independently that is they are evaluated based on the pre stated standard 8(18%) are evaluated depending on the performance of other employee. This done because in order to promote or demote the performance need to be compared with others but the rest 12(27%) of the total respondents don’t know how they evaluated. This implies why the employees don’t know why the appraisal is important and think it is useful to fulfill only the formalities of the company. So, ERCS has to give training about why performance appraisal is useful.

Table 14 Level of promotion based on the evaluation result

Item no	Alternatives	Respondents	
		Number	Percentage (%)
13	Excellent	3	7
	Very Good	7	16
	Good	8	18
	Poor	18	41
	Very Poor	8	18
	Total	44	100%

Table 14 indicate that 7% of the respondents rate the level of promotion is “Excellent”, 16% and 18% of the respondents answer it is “Very good” and “Good” respectively, 59% believe the level of promotion given based on the result is poor in ERCS.but the management respond that the promotion based on the result enough. So, to get an efficient result the promotion based on the result has to become efficient.

Table 15 Satisfaction on the Current Appraisal System

Item no	Alternatives	Respondents	
		Number	Percentage (%)
14	Very High	4	9
	High	8	18
	Neutral	8	18
	Low	18	41
	Very Low	6	14
	Total	44	100%

Employees need to be satisfied with the performance appraisal process; Table 15 discloses 9 % of respondents have “Very high” satisfaction on the current appraisal system, 18 % are highly satisfied, 18% of respondents have impartial satisfaction on the performance appraisal process and 54% have very low satisfaction on the current performance appraisal system .It Implies the majority are not satisfied with the general performance appraisal system in ERCS.But the management revealed that the employees are satisfied with the appraisal system.

Table 16 Problem on the Appraisal Process

Item no	Alternatives	Respondents	
		Number	Percentage (%)
15	Yes	30	68
	No	14	32
	Total	44	100%

Based on Table 16 information the majority of the respondents 30(68%) said the general evaluation and appraisal practice in ERCS have a problem the rest 14(32%) said they didn't see any kind of problem.

Problems Mentioned by the Respondents Regarding the Evaluation and Appraisal Practice

As they replied on open-ended question, the employees answer as follows:

The criteria are aged and the weights given for each criterion are not considered with their contribution or work assignment and high performers based on their result is only Bi-annual salary increment based on the result has to be enhanced. The Appraiser lacks training in conducting effective performance Appraisal. High subjectivity or Personal Bias based on friendship and seniority is concerned. Employees whose terms of employment are contract didn't evaluate until they become permanent employees. Other technique should have to establish because evaluating from person to person is different.

Based on the problem stated above the employees give suggestions, The appraisers should be trained for conducting effective performance Appraisal and fair, honest and educated. Discussion based on the result has to made, There should be an appropriate incentive system for the good performers. The criteria's has to be updated. The Method and contents of evaluation have to revise.

CHAPTER FOUR

4. Summary, Conclusion and Recommendation

This chapter presents the summary of the findings of the study. The conclusions and recommendations are drawn from the findings of the study researched by the student researcher about the measure that should be taken by the enterprise to improve the performance evaluation practices in ERCS.

4.1 Summary

The objective of the research was to assess performance appraisal practice in ERCS. The data analysis is given based on the 44 returned questionnaires and one interview. To make analysis more clear frequency count and data percentage are employed here below.

- Based on the findings the majority of them are female 30 (68%) between age 18-28(34%), Degree holders and their work experiences were 3-5 years (27%).
- Majority of the respondents 34(77%) believe performance appraisal is very important to employees.
- 36(82%) of the respondents disclosed that performance Appraisal is highly important to strengthen good sides and correct weak sides, to increase productivity of employees, to identify high skilled employees, to give them an appropriate training objective.
- Immediate Boss appraises 28 (64%) performance evaluations in ERCS.
- Most of the respondents 22(50%) have low trust in the appraisers.
- Majority of the respondent 26(60%) that the criteria of performance appraisal are not related to their job.
- According, to the respondents 20(45%) are satisfied with the six month time span evaluation.

- Majority 28(63%) of the respondents believe performance evaluations can highly distinguished high performers from low performers.
- As obtained from the data ERCS inform the result of the appraisal and use post appraisal discussion with their Immediate Boss.
- Majority of the respondents 18(41%) need to revise the criteria in accordance with their job position.
- 28(64%) of the respondents are not satisfied with the current performance appraisal method.
- Most of the respondent's 24(55%) attitude on how the rater's evaluation their performance is independent to each other.
- 24(56%) of the respondents disclosed that they are not satisfied with the current performance appraisal system.
- Majority 30(68%) responds they see a problem on the evaluation and appraisal practice.

4.2 Conclusions

Depending on the findings discussed above, the following conclusions are drawn. In ERCS, the appraisal system provides little or no contribution for the purpose of training and transfer. The evaluation form used to evaluate their performance consist of factors that have nothing to do with the job performed by the employee the appraise do not have trust in their appraisers this is because of bias by their supervisors and lack of the required skill and knowledge about appraisal. And the reason why the employees of ERCS are dissatisfied by the appraisal system of the organization. Generally, In ERCS is that the process of performance evaluations lacks credibility. This is usually due to the failure of management to spell out clearly what aspects of the job are to be evaluated and to define the standards against which performance is to be measured. It is simply unfair to appraise

performance if it not made clear to employees at the start of the reporting period what aspects of the job will be rated and what standards will be used to measure performance. Lack of clearly defined measurements can lead to intellectual dishonesty in the evaluation, unfair ratings and loss of credibility of management and the appraisal process.

4.3 Recommendations

Performance appraisal should be a positive experience and contribute to the overall welfare of an organization. If it has done properly, performance appraisal is a very effective tool to improve performance, productivity and for developing employees. It helps individuals to do better, raises self-esteem and motivation. Above all it strengthens the management/subordinate relationship and encourages commitment. Performance evaluation is not a process to be avoided; rather it should be implemented in all organizations and promoted as a key management activity. According to the major findings that have been discussed so far the following points are recommended by the student researcher here below:

- ERCS should prepare criteria based on the job assignment of the employees. Employees should participate in the designing of the appraisal system and criteria. Besides, employees should be given training that lets them know how to conduct evaluation and the purpose of evaluation.
- A revision program should be established to compare the appraisal process prevailed in the past years with the current system and make sure that if past problems are avoided currently.
- There must be a pre and post appraisal discussion and communication, which enable employees, must be informed of such things before appraisal so that they will not develop a negative attitude towards it.

- Discussion after the appraisal and acquiring information concerning the process helps appraises to identify problem areas in both the employee performance as well as the system.
- Feed back should be given to employees on time. To maintain its utility, timely feedback should be provided to the employees and the manner of giving feedback should be such that it should have a motivating effect on the employees' future performance.
- Interpersonal relationships can influence the evaluation and the decisions in the performance appraisal process. Therefore, the evaluators should be trained to carry out the processes of appraisals without personal bias effectively.
- Top management should choose the raters or the evaluators carefully. They should have the required capability and the knowledge to decide the criteria accurately. They should have the experience and the necessary training to carry out the appraisal process objectively.
- 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.

In general, the over-all view of management should advocate the accuracy of measurement and take corrective action in case of unfair ratings. After that the management effort to the betterment of the appraisal system will result in reliable performance measurement. This in turn enables ERCS to the enhancement of employee performance and the advancement of the organizational objectives and goals.

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APPENDICES

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

Questionnaire on assessment of Performance Appraisal in Ethiopian Red Cross Society (ERCS), National Head Quarter (NHQ)

Dear respondents, I am working my senior paper on “An Assessment of Performance Appraisal in ERCS, NHQ” the objective of s opinions and experiences as openly as possible. Please,

- This questioner contains both closed ended and open ended questions. You are kindly requested to provide your answer for the closed ended questions by marking (✓) in your choice and by writing your responses in the space provided for the open ended questions.
- To maintain confidentiality, do not write your name.

Thank you in Advance.

Part-I: - Personal information of respondents

1. Sex

Male

Female

2. Age

20-30

31-40

41-50

Above 51

3. Educational Background

10th /12th complete

Diploma

BA degree

MA

MD
specify_____

Other,

4. Work Experience

Below 3 yrs

6-10 yrs

3-5 yrs

above 20 yrs

11-20yrs

Part II: - Performance Appraisal related Questions

1. How is performance appraisal important to employees?

Very important

Not important

Less Important

Average

2. Who appraises your performance?

Immediate Supervisor

Department Head

Work Colleagues

HR department

Other, Specify_____

3. For which objective of performance appraisal is highly important?

To strengthen good sides and correct sides

To increase productivity of employees

To identify highly skilled employees

To give them an appropriate training

All

Other_____

4. How much is your trust in the appraisers?

Very high

Very low

High Low
Neutral

5. How do you see the current performance appraisal criteria related with your current position?

Excellent Low
Very high Very low
High

6. To what extent are you happy or satisfied with the six month time span evaluation of performance appraisal in ERCS?

Very Great extent Undecided
Great extent No impact at all
Some extent

7. How do you rate the level of performance appraisal evaluation in ERCS for distinguishing high performers from low performers?

Excellent
Very good Poor
Good Very Poor

8. Are you informed about the results of your appraisal?

Yes No

9. With whom did you communicate on your evaluation result?

Immediate Boss
Department Head
Supervisor
Other _____

10. Which part of the current performance appraisal evaluation criteria has to be revised?

- The contents
- The rating scale method
- Based on job position
- All

Other _____

11. Are you satisfied with the current method of performance appraisal in ERCS?

Yes No

12. If your answer for question no.11 is “No”, why? Mention some.

13. How do you think the rater evaluate your performance?

- Independent to each other
- By comparing with other employees
- I don't know how they evaluate
- I have never been evaluated at all
- If any other _____

14 How do you rate the level of Promotion given based on the performance appraisal result in ERCS?

- Excellent Poor
- Very good Very poor
- Good

15 How much are you satisfied on the current appraisal system?

Very High

Low

High

Very Low

Neutral

16 Do you have any thing to say with regard to ERCS performance
Appraisal technique?

17 Did you see any problem on the evaluation and appraisal
practice till now?

Yes

No

18 If your answer for question no.17is “yes” please state some?

Interview conducted with HR Department

1. What is the importance of performance Appraisal?
2. What methods do you use for performance Appraisal?
3. Do you believe employees are satisfied with the Current performance Appraisal practice?
4. What is the basic purpose of employee performance appraisal in your organization?
5. Did the employees participate in the appraisal process?
6. What is the method of feedback and discussions is used on the result?
7. What is your general comment on your organization performance Appraisal practice?

Thank you