ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

AN ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES: THE CASE OF ETHIOPIAN ROADS AUTHORITY ALEMGENA MACHINE BASED TECHNOLOGEY TRAINING AND TESTING CENTER BRANCH

BY

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(SGS/0189 2009B)

JULY, 2019

ADDIS ABABA, ETHIOPIA

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Statement of Declaration

I, the undersigned hereby declare that the project entitled, "Assessment of Performance Appraisal Practices and Challenges; The Case of Ethiopian Roads Authority Alemgena Machine Based Technology Training and Testing Center" is my original work and has not been presented for a degree in any other university and that all sources of materials used for the project have been appropriately acknowledged.

_____   _____

Name   Signature

St'. Mary's University Collage, Addis Ababa   July, 2019

ENDORSEMENT

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

Goitom Abraham (Asst. Prof.)   _____

                                                                            Signature

                                                                            July, 2019

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LIST OF ACRONYMS/ ABBREVIATIONS

AMBTTTC   - Alemgena Machine Based Technology Training and Testing Center

BARS   - Behaviorally Anchored Rating Scales

BSC   - Business Score Card

ERA   - Ethiopian Roads Authority

HRM   - Human Resource Management

HRMD   - Human Resource Management Directorate

IHA   - Imperial High Way Authority

MBO   - Management by objective

PA   - Performance Appraisal

PAS   - Performance Appraisal System

PM   - Performance Management

SPSS   - Statistical package for the social sciences

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Abstract

This project is designed to assess the employees performance appraisal practices and challenges in the case of Ethiopian Roads Authority, Alemgena machine based technology training and testing center (AMBTTTC). To answer the questions that were raised in the research, the study was employed through descriptive design in which data from employees and management have been collected using questionnaires and interviews. The total number of staff at AMBTTTC was 254 and for this study simple random sampling technique was used by taking 155 employees to fill in the adapted questionnaire and the response rate was 83.8%, to the main data collection instrument. The data gathered from the questionnaire have been compiled by using SPSS software. Descriptive statistics method had been used for analyzing data obtained from questionnaire and data gathered from interview. The study found out that ERA, AMBTTTC appraisal process lacks acceptability, practicality and relevancy which are due to the subjective appraisal criteria and these criteria are not in line with the job description of employees. Additionally the organization appraisal system doesn't follow the six scientific steps of performance appraisal system, and also faces huge problems on its practice, most of them are rater's error like recency effect, halo/horns effect, stereotyping effect etc were also found in the appraisal system. Generally the outcome of the research confirmed that the performance appraisal practice of the organization has problems that need to be improved. The organization appraisal system should revise its performance appraisal criteria in order to make its appraisal system effective. Since it needs improvement, possible recommendations are outlined at the end of this report.

Key words; Performance Appraisal Practice, HRM, and Employees

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's competitive environment employees are the biggest assets for any organization. However, if not evaluated and motivated properly, the effectiveness and efficiency of the employees may become reduced and the asset may transform to a liability. Hence, a performance appraisal system is an important activity for an organization, and performance appraisal is one way through which the efforts of employees can be aligned with the aims of any organization and the employees can be motivated and supported (Khan, M. F. 2013, pp.66).

It is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it also serves the organization as a means for validating selection and hiring procedures, promoting employee supervisor understanding, and supporting an organizations culture this is the ultimate objective of performance appraisal (Glenn D. Israel 2012, pp.2).

Performance Appraisal can be beneficial both to Employees and Employers from the appraisal practice. Employers benefit by understanding their employees weaknesses and strengths, Understanding the employees helps to make basic enforcement for weakly performing employee by giving training and development in order to improve his/her Performance if not to punish. It also helps to make Compensation and Promotion readily available for those who performed well. PA is not only important to Employees problem identification, also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency.

According to the HR officials of ERA, AMBTTTC "The aim of Performance Appraisal practice in Ethiopian Road Authority, AMBTTTC is used to monitor the effectiveness and efficient utilization of Human Resources in the organization, but because the skill gaps of individuals the Practice was faced a lot of challenges at different level of the organization".

A performance appraisal which is not carefully developed and implemented can have negative impact for both the organization and its employees; some of them may be getting the wrong person promoted, transferred or fired; it may also cause feelings of inequality on the part of good employees who erroneously promoted bad employees. Also it could result in dissatisfaction of employees who could decrease their effort on work which has a negative impact on the customers or they may look for other jobs (Wayne F.C. 2011.pp. 141).

According to Nurse (2005) cited by Akinbowale, Jinabhai & Lourens (2013), even if performance appraisal has many benefits to the organization, it has also an equal probability of having a bad impact on both the organization and employee performance. Mackey and Johnson (2000) have stated that as performance appraisal has the capability in improving the work performance and employee satisfaction, it is also capable of de-motivating employees and creating bad impression on good employees. Therefore, the problems of performance evaluation arise when the result of the evaluation fails to reflect the actual performance of the employees, which in turn leads to wrong administrative decisions that can highly affect the life of the employees.

Ethiopian Road Authority, AMBTTTC conducts performance appraisal twice a year on January for the period covering from July to December and on July for the period covering from January to June. Thus at the time of PA practice the system has a gap regarding to the criteria that was employed in the evaluation process and there is a lack of a systematic framework to ensure that performance appraisal is fair, objective and to provide appropriate training for employees that scored weak result employees at the time of evaluation. Even if all raters (usually supervisors) are cooperative and well trained, still there is no chance employee to participate and at the time of designing the system .To sum up the system couldn't help the organization, create a motivated and committed workforce in ERA, AMBTTC. Based on such observation the research report is attempted to assess the employee performance appraisal practice and the associated problems in the company. It's also intended to evaluate whether the performance appraisal results are reliable and valid to prepare employees for further responsibility and additional benefits. Additionally it helps to regenerate a renewed interest in the practical aspect of performance appraisal in the company. So this study is helpful for the organization to see the existing problem in relation with employee performance appraisal.

1.2 Back ground of the Organization

In Ethiopian History a great success was made in Road construction, especially during the region of Emperor Menilik II who was a successful road builder and participated in the construction. He realized that without an adequate system of Highways, social retardation and economic retrogression were inevitable. By his time the road from Eritrea to Addis Ababa and Addis Ababa to Addis Alem in 1903 were constructed, and it was also during this time that the first Asphalt roads appeared in Addis Ababa.

The Ethiopian Roads Authority when established in 1951 as (Imperial Highway Authority) IHA had about 650 permanent employees of which all supervisory personnel, engineers and majority of construction equipment operators and mechanics were expatriates. Though a great was accomplished at that time, the ever increasing workload of the Authority created an acute shortage of qualified personnel which could not be remedied solely through the available labor market. Putting this in mind, Alemgena Training Center was established in 1956 and the Center was the first of its kind in Ethiopia. The Training program and the center enabled the IHA to eliminate its dependence on expatriate mangers and experts. During the last 50 years, the Training Center has organized pre-service and in-service training Courses graduating more than 20,000 employees in various fields and skills contributing to road construction and maintenance. In 1993, as part of its reforms, the Transitional Government assigned administration of Rural Roads to the Regional Self-Governments and Highways to ERA as part of the Central Government's responsibility, ERA role regarding regional Rural Roads become rendering supports such as network planning, training and technical assistance when deemed necessary by regional Governments.

To cope up with existing situations the Authority was again re-established by proclamation No. 80/1997 with the objective to develop and administer highways, to ensure the standard of road construction and to create proper conditions on which the road network is coordinal promoted. According to the proclamation, ERA is legally autonomous agency responsible for the management of the country's roads. The proclamation further stipulates that trunk and major link roads, which make up the federal road network system, are administered by the Ethiopian Roads Authority.

Ethiopian Roads Authority primary function is to maintain the existing road network through the districts as its corporate responsibility. The maintenance of entire main road network is carried out by ten maintenance districts which are conveniently located at various regions throughout the country. The new proclamation also authorized ERA to administer weigh bridges and through them to control overloaded vehicles which are one of the major causes for fast deterioration for roads. ERA is administered by a Board and the Board of Directors will provide General policy Direction and have primary oversight responsibility for project performance monitoring (www.ethiopianroadauthority.gov.et)

1.3 Statement of the Problem

Quite often we all hear that a problem clearly stated is a problem half solved. This statement signifies the need for defining a research problem. The problem to be investigated must be defined unambiguously for that will help to discriminate relevant data from the irrelevant ones. In general, refers to some difficulty which a researcher experiences in the context of both a theoretical or practical situation and wants to obtain a solution for the same (C.R .Kothari 2004).

According to Beardwell and Claydon, (2007) cited by Wangithi and Muceke (2012), an incorporated and effective appraisal system could increase organizational performance and employee motivation. It recognizes successful performance and guides on the required skills, competences and behaviors to meet the expectation.

Performance management in local governmental organization is crucial for building a good relationship between the organization and its employees. It is also significant for the departments to ensure that they perform their assigned roles efficiently and effectively.

Properly designed appraisal process can reflect the established performance standard, the performance measures, actual performance, and communicate the standard and expectations. While conducting informal interview by the researcher on December, 2018 with twelve employees who are on managerial and non-managerial positions of the company, complaints have been presented towards the appraisal system of the organization. Performance measurement standards (criteria) may not developed based on the BSC (Business Score Card) concepts which is not integrated or linked with their job positions, organizational goals and missions of ERA,

Also there are no mechanisms in terms of performance related pay and promotion to reward those employees who have excelled in their work.

On the other hand, the researcher observed the absence of performance appraisal policy. As we know, the performance appraisal policies and procedures are very important aspects in the workplace. It is a way to convey to the employees that the company appreciates their hard work, dedication towards work and considered as a motivational tool used by the company to make sure that employees use their full potential to perform. This being the fact, employee performance has to be closely planned, coached and appraised to ensure that it is in line with the interest of organizations. However, at the time of the discussions the complaints believes that performance appraisal is not given the proper attention by the organization even the employees are not fundamentally aware about the purpose of performance evaluation in the organization.

Such factors have motivated the writer to assess the gaps which have created problems and as a result complaints were presented on. From personal experience working in the company and even if there are researches that have been done regarding performance appraisal practice, so far there are no researches may not done the performance appraisal practice in Ethiopian Road Authority and Alemgena Machine Based Technology Training and Testing Center Branch (AMBTTTC).

1.4 Basic Research Questions

The basic research questions that the study intended to answer include the following:

1. How is employee performance appraisal practice carried out at ERA, Alemgena Machine Based Technology Training and testing center?
2. What are the objectives of performance appraisal practice in the organization?
3. How is employees' performance measured?
4. To what extent are employees satisfied with the performance appraisal practice of the organization?
5. What are the challenges associated with the performance appraisal practice at Ethiopian Roads Authority, AMBTTTC?

1.5 Objectives of the Study

1.5.1 General Objective

The general objective of the study is to determine how performance appraisal practices are carried out in Ethiopian Road Authority, Alemgena Machine Based Technology Training and Testing Center and identify the major problems and challenge.

1.5.2 Specific Objectives

Specifically, the objectives of the study include the following:

1. To determine how performance appraisal practices are carried out in the organization,
2. To investigate for what purpose employee performance results are used by the organization,
3. To assess the instrument used to conduct performance appraisal capability of measuring the employees true performance in the organization,
4. To explore to what extent employees are satisfied with the employee performance appraisal system implemented in the organization, and
5. To identify the challenges associated with the performance appraisal practices at the organization.

1.6 Significance of the study

Since performance evaluation does have various advantages for both organizations and employees as well, the study would have some contribution to different organs. First and for most to Ethiopian Road Authority (The Human Resource Management Directorate) to inform of about that any gaps in its practice of performance appraisal and help to make the necessary adjustment. Secondly to can contribute to the existing knowledge in field of Human Resource Management and as a result it can be used by the practitioners and academic members of the University to conduct research in the area of Performance evaluation. Thirdly it can give some experience and added knowledge to the researcher by tackling practical research problems in the researcher career life and also serves as a criterion for the partial fulfillment of Master of Business Arts degree in the field of management.

1.7 Scope of the Study

The scope of the study is not concerned about other organization operational and marketing activities it is just concerned on HRM programs regarding to performance appraisal practice method and the problems associated with the evaluation of employees in Ethiopian Road Authority, Alemgena Machine Based Technology Training and Testing Center.

1.8 Definition of Terms

In this part the researcher has listed practical definition of terms given by the researcher.

I.   Operational Definition of Terms
➢ **Managerial Employees**

Employees of the organization that work on the position start from Lead, Team leader, Directorate Director, Deputy Director and General Director of the company.

➢ **Non managerial**

Employees that work on non-managerial position and technical job position the title which start from junior technician, technician and senior technician ,junior trainer, Senior trainer and Junior Office manager, office manager, and senior (executive secretary).

➢ **Non clerical employees**

Are employees of the company that work on lower level positions like janitors, messengers, securities, copiers etc.

1.9 Organization of the Study

This research has been organized in five chapters. The first chapter deals with the back ground of the study (what the study is about), background of the company, statement of problem, research questions, general and specific objectives, significance of the study, definition of terms, and delimitations of the study. Chapter two discusses the review of theoretical relevant literature, as well as empirical literatures reviews and demonstrates conceptual frame work of the study. The third chapter discusses about the research design and methodology of the study.

The fourth chapter presents the analysis and interpretation of data collected. And finally chapter five summarizes the major finding, conclusions and recommendation of the study.

CHAPTERTWO

REVIEW OF RELATED THE LITERATURE

2.1 Theoretical Literature Review

It deals with the concept of performance appraisal, purpose of performance appraisal, the performance appraisal process, performance appraisal methods, and approaches. It also discusses about the requirements of effective performance appraisal system and performance appraisal errors.

2.1.1 Meaning and definition of Performance Appraisal

Before defining performance appraisal we have to know what Performance management is, because "Performance management" is a broader term than "performance appraisal". "Performance management is a continuous process of identifying, measuring and developing the performance of the individuals and the team and aligning performance with the strategic goals of the organization (Herman Agunies 2009,p p. 2)".

Performance management is a whole system that is built into all human resource activities that involves in planning, managing, reviewing, rewarding and developing of performance. It involves strategic use of performance measures and standards, aims to establish performance targets and goals, to prioritize and allocate resources, to inform managers about needed adjustments or changes in policy or program direction to meet goals, to frame reports on the success in meeting performance goals, and to improve the effectiveness and efficiency of the organization (http/www.turningpointprogram.org).

"The activity used to determine the extent to which an employee performs work effectively. More specifically, a formal performance evaluation is a system setup by the organization to regularly and systematically evaluate employee's performance" (Ivancevich, 2004).

"Performance appraisal is the ongoing process of evaluating and managing both the behavior and outcomes in the workplace. Organizations use various terms to describe this process. "Performance review", "annual appraisal", "performance evaluation", "employee evaluation" and "merit evaluation" are some of the terms used (Grobleretal. et.al 2002, pp. 221-227).

Performance appraisal is a part of guiding and managing career development. It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. It is also the judgment of an employee's performance in a job based on considerations other than productivity alone (Wikipedia, 2009).

Performance appraisal is one of the important components of the HR function. The information obtained through performance appraisal is providing foundations for selecting, training and development of existing staff, and also for motivating employees by properly rewarding the performance in order to maintain good quality of work. Without a reliable performance appraisal system, the HR system falls apart, and resulting in the total waste of the valuable human assets an organization has (Luis R., Mejia D., and Robert L.Cards. 2012, pp. 319).

Performance appraisal is often seen as the central pillar of performance management and focuses on reviewing an individual's performance against an agreed set of criteria, providing feedback, and assessing an individual's potential and development needs. There may also be link with reward.

The appraisal is an opportunity to taken an overall view of work content, loads and volume, to look back on what has been achieved during the reporting period and agree objectives for the next" (Michael Armstrong and Angela Baron 2011).

Therefore, in this study, performance evaluation is a system designed to periodically and regularly measure the performance of employees against pre-set standards and it involves providing feedback to the employees in which case the result of the appraisal will be used as a basis for administrative decisions, developmental or other organizational purpose.

2.1.2 Purpose of Performance Appraisal

For many organizations, the primary goal of an appraisal system is to improve individual and organizational performance. There may be other goals, however. A potential problem with PA, and a possible cause of much dissatisfaction, is expecting too much from one appraisal plan.

For example, a plan that is effective for developing employees may not be the best for determining pay increases. Yet, a properly designed system can help achieve organizational objectives and enhance employee performance. In fact, PA data are potentially valuable for virtually every human resource functional area. According to Anne Will Harzing and Ashy H.P inning ton, 2011 performance appraisal has the following seven purposes in the Human resource management.

I. Human Resource Planning

In assessing a firm's human resources, data must be available to identify those who have the potential to be promoted or for any area of internal employee relations. Through performance appraisal it may be discovered that there is an insufficient number of workers who are prepared to enter management. Plans can then be made for greater emphasis on management development Succession planning. A well-designed appraisal system provides a profile of the organization's human resource strengths and weaknesses to support this effort.

II. Recruitment and Selection

Performance evaluation ratings may be helpful in predicting the performance of job applicants. For example, it may be determined that a firm's successful employees (identified through performance evaluations) exhibit certain behaviors when performing key tasks. These data may then provide benchmarks for evaluating applicant responses obtained through behavioral interviews. Also, in validating selection tests, employee ratings may be used as the variable against which test scores are compared. In this instance, determination of the selection test's validity would depend on the accuracy of appraisal results.

III.   Training and Development

Performance appraisal should point out an employee's specific needs for training and development. If a firm finds that a number of first-line supervisors are having difficulty in administering disciplinary action, training sessions addressing this problem may be appropriate. By identifying deficiencies that adversely affect performance, T&D programs can be developed that permit individuals to build on their strengths and minimize their deficiencies. An appraisal system does not guarantee properly trained and developed employees. However, determining T&D needs is more precise when appraisal data are available.

IV.   Career Planning and Development

Career planning is an ongoing process whereby an individual sets career goals and identifies the means to achieve them. On the other hand, career development is a formal approach used by the organization to ensure that people with the proper qualifications and experiences are available when needed. Performance appraisal data is essential in assessing an employee's strengths and weaknesses and in determining the person's potential. Managers may use such information to counsel subordinates and assist them in developing and implementing their career plans.

V.   Compensation Programs

Performance appraisal results provide a basis for rational decisions regarding pay adjustments. Most managers believe that you should reward outstanding job performance tangibly with pay increases. They believe that the behaviors you reward are the behaviors you get. Rewarding behaviors necessary for accomplishing organizational objectives is at the heart of a firm's strategic plan. To encourage good performance, a firm should design and implement a reliable performance appraisal system and then reward the most productive workers and teams accordingly.

VI. Internal Employee Relations

Performance appraisal data are also used for decisions in several areas of internal employee relations, including promotion, demotion, termination, layoff, and transfer. For example, an employee's performance in one job may be useful in determining his or her ability to perform another job on the same level, as is required in the consideration of transfers. When the performance level is unacceptable, demotion or even termination may be appropriate.

VII. Assessment of Employee Potential

Some organizations attempt to assess an employee's potential as they appraise his or her job performance. Although past behaviors may be a good predictor of future behaviors in some jobs, an employee's past performance may not accurately indicate future performance in other jobs. The best salesperson in the company may not have what it takes to become a successful district sales manager, where the tasks are distinctly different. Similarly, the best systems analyst may, if promoted, be a disaster as an information technology manager. Overemphasizing technical skills and ignoring other equally important skills is a common error in promoting employees into management jobs. Recognition of this problem has led some firms to separate the appraisal of performance, which focuses on past behavior, from the assessment of potential, which is future-oriented.

2.1.3 Performance Appraisal Process

The performance appraisal process provides a vehicle through which employees and their supervisors collaborate to enhance work results and satisfaction. This process is most effective when both the employee and the supervisor take an active role and work together to accomplish the objectives of organization. In order to realize the purpose of performance appraisal organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated below by different scholars by their own scoop:

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 employees performance is measured. According to Khan (2013, pp. 68), these four dimensions of performance which are competencies, behaviors, results (outcomes) and organizational citizenship behaviors should be considered in performance appraisal standards.

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 Weather 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 the actual performance**

Measuring the actual performance or the work done by the employees during the specified period of time, is the most difficult part of the performance appraisal process. It is a continuous process involving monitoring the performance all through the year which requires the watchful selection of appropriate techniques of measurement, making sure there is no individual bias, and providing support instead of interfering in employees work (Manjunath, 2015, pp. 58).

4. **Comparing the actual performance with the standards**

In order to know that whether there is a positive or negative deviation in the organizational performance, the actual performance of an employee will be compared with the desired outcome or the standard performance. It includes recalling, evaluating and analysis of data related to the employee's performance (Manjunath, 2015, pp. 60).

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. 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. Taking 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.

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).

2.1.4 Approach to Measuring Performance

Numerous techniques for measuring performance have been developed over the years. According to (Gomez-Mejia, et.al 2001), Techniques of measuring performance of employees involve wide array of appraisal formats from which to choose. (Herman 2009, pp. 83-87,) states that there are three approaches that used to measure performance appraisal.

2.1.4.1 Trait approach

The trait approach emphasizes the individual performer and ignores the specific situation, behaviors, and results. If one adopts the trait approach, raters evaluate relatively stable traits. These can include abilities, such as cognitive abilities (which are not easily trainable) or personality (which is not likely to change over time). This approach is justified based on the positive relationship found between abilities (such as intelligence) and personality traits (such as conscientiousness) and desirable work-related behaviors.

Of course there are some challenges to implementing a system that emphasize, *first,* traits are not under the control of individuals. In most cases, they are fairly stable over one's life span. They are not likely to change even if an individual is willing to exert substantial effort to do so. Consequently, employees may feel that a system based on traits is not fair because the development of these traits is usually beyond their control. *Second*; the fact that an individual possesses a certain trait (e.g., intelligence) does not mean that this trait will necessarily lead to desired results and behaviors, because individuals are embedded in specific situations. If the equipment is faulty and coworkers are uncooperative, even a very intelligent and ethical employee is not likely to engage in behaviors conducive to supporting the organization's goals.

In spite of these challenges, there are situations in which a trait-oriented approach can be fruitful. For example, as part of its business strategy, an organization may anticipate drastic structural changes that will result in the reorganization of most functions and the resulting reallocation of employees. In such a circumstance, it may be useful to assess the traits possessed by the various individuals so that fair and appropriate decisions are made regarding the allocation of HR resources across the newly created organizational units.

This is, of course, a fairly unique circumstance. In most organizations, performance is not measured using the trait approach.

2.1.4.2 Behavioral Approach

The behavior approach emphasizes what employees do on the job and does not consider employees' traits or the outcomes resulting from their behaviors. This is basically a process oriented approach that emphasizes how an employee does the job. The behavior approach is most appropriate under the following circumstances:

➢ *The link between behaviors and results is not obvious*; sometimes the relationship between behaviors and the desired outcomes is not clear. In some cases, the desired result may not be achieved in spite of the fact that the right behaviors are in place. In other cases, results may be achieved in spite of the absence of the correct behaviors. When the link between behaviors and results is not always obvious, it is beneficial to focus on behaviors as opposed to outcomes.

➢ *Outcomes occur in the distant future*; when the desired results will not be seen for months, or even years, the measurement of behaviors is beneficial. We can take the case of NASA's Mars Exploration launching from land and landed on the Mars. From launching to landing, the mission may take six months to complete. In this circumstance, it is certainly appropriate to assess the performance of the engineers involved in the mission by measuring their behaviors in short intervals during this six-month period rather than waiting until the final result (i.e., successful or unsuccessful landing) is observed.

➢ *Poor results are due to causes beyond the performer's control*; when the results of an employee's performance are beyond the employee's control, then it makes sense to emphasize the measurement of behaviors. If we measured results of factory shift employees, we would conclude that the performance of the day-shift employee is far superior to that of the night-shift employee, but this would be an incorrect conclusion.

Both employees may be equally competent and do the job equally well. The results produced by these employees are uneven because they depend on the amount and quality of technical assistance they receive when the assembly line is stuck.

2.1.4.3 Result Approach

The results approach emphasizes the outcomes and results produced by the employees. It does not consider the traits that employees may possess or how employees do the job. This is basically a bottom line approach that is not concerned about employee behaviors and processes but, instead, focuses on what is produced (e.g., sales, number of accounts acquired, time spent with clients on the telephone, number of errors). Defining and measuring results usually takes less time than defining and measuring behaviors needed to achieve these results. Also, the results approach is usually seen as more cost effective because results can be less expensive to track than behaviors. Overall, data resulting from a results approach seem to be objective and are intuitively very appealing.

The results approach is most appropriate under the following circumstances:

➢ *Workers are skilled in the needed behaviors*; an emphasis on results is appropriate when workers have the necessary knowledge and skills to do the work. In such situations, workers know what specific behaviors are needed to achieve the desired results and they are also sufficiently skilled to know what to do to correct any process-related problems when the desired results are not obtained.

➢ *Behaviors and results are obviously related*; in some situations, certain results can be obtained only if a worker engages in certain specific behaviors. This is the case of jobs involving repetitive tasks such as assembly-line work or newspaper delivery.

➢ *Results show consistent improvement over time*; when results improve consistently over time, it is an indication that workers are aware of the behaviors needed to complete the job successfully. In these situations, it is appropriate to adopt a results approach to assessing performance.

➢ *There are many ways to do the job right*; when there are different ways in which one can do the tasks required for a job, a results approach is appropriate.

An emphasis on results can be beneficial because it could encourage employees to achieve the desired outcomes in creative and innovative ways.

2.1.5 Source of Performance Appraisal

Once the performance appraisal method has been developed, the next step is to determine who will perform the assessment function, and where to get the feedback from it. (Wayne F. and Ranjeet N. 2013, pp. 232-234) has stated there are five parties who can do the appraising which include Immediate Supervisor, peer appraisal, Subordinate's Appraisal, Self-appraisal and customer served appraisal.

I.   The Immediate Supervisor

If appraisal is done at all, it will probably be done by this person. She or he is probably most familiar with the individual's performance and, in most jobs, has had the best opportunity to observe actual job performance. Furthermore, the immediate supervisor is probably best able to relate the individual's performance to what the department and organization are trying to accomplish, and to distinguish among various dimensions of performance. Because she or he also is responsible for reward or punishment decisions, and for managing the overall performance management process.

II.   Peers-appraisal

In some jobs, such as outside sales, the immediate supervisor may observe a subordinate's actual job performance only rarely (and indirectly, through written reports). In other environments, such as self-managed work teams, there is no supervisor. Sometimes objective indicators, such as number of units sold, can provide useful performance related information, but in other circumstances the judgment of peers is even better. Peers can provide a perspective on performance that is different from that of immediate supervisors.

Thus, a member of a cross-functional team may be in a better position to rate another team member than that team member's immediate supervisor. However, to reduce potential friendship bias while simultaneously increasing the feedback value of the information provided,

it is important to specify exactly what the peers are to evaluate. Another approach is to require input from a number of colleagues.

Peer ratings can provide useful information, but in light of the potential problems associated with them, friendship bias and context effects, it is wise not to rely on them as the sole source of information about performance.

III. The Subordinates

Appraisal by subordinates can be a useful input to the immediate supervisor's development, and the ratings are of significantly higher quality when used for that purpose. Subordinates know firsthand the extent to which the supervisor actually delegates, how well he or she communicates, the type of leadership style he or she is most comfortable with, and the extent to which he or she plans and organizes.

IV. Self-Appraisal

There are several arguments to recommend wider use of self-appraisals. The opportunity to participate in the performance-appraisal process, particularly if appraisal is combined with goal setting, improves the ratee's motivation and reduces her or his defensiveness during the appraisal interview. On the other hand, self-appraisals tend to be more lenient, less variable, more biased, and to show less agreement with the judgments of others, But it gives a chance for the employee to look at his/her strengths and weaknesses, the achievements, and judge his/her own Performance.

V. Customers Served

In some situations the consumers of an individual's or organization's services can provide a unique perspective on job performance. Which may give better insight into the situation than the people who are directly involved, off course sometime bias can occur due to the history of the relationship. Although the customers' objectives cannot be expected to correspond completely with the organization's objectives, the information that customers provide can serve as useful input for employment decisions.

Generally each resource has its own advantages and disadvantages. The key criterion for qualifying as an appraiser for an employee's performance is being objective about an employee's job.

It's very important to decide who will take the responsibility for undertaking the appraisal of staff in the design of any system of performance appraisal. To conduct viability of appraisal is not only to rely on one source. The acquired feedback can be used by the organization for training and development. The results can help in making administrative decisions regarding pay or promotion.

2.1.6 Performance Appraisal Methods

According to Manish Khanna and Rajneesh Kumar (2014, pp.53-57) there are a number of different appraisal methods that used to assess employees job performance. And many scholars are divided such methods in to two broad areas Traditional and Modern methods of performance appraisal system, those are briefly discussed below.

2.1.6.1 Traditional Methods of Performance Appraisals

I.   Rating Scales

Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages, Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required.

II.   Checklist

Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation.

III.   Graphic Rating

Graphic rating scales are one of the most common methods of performance appraisal. Graphic rating scales require an evaluator to indicate on a scale the degree to which an employee demonstrates a particular trait, behavior, or performance result.

Rating forms are composed of a number of scales, each relating to a certain job or performance-related dimension, such as job knowledge, responsibility, or quality of work. Each scale is a continuum of scale points, or anchors, which range from high to low, from good to poor, from most to least effective, and so forth. Scales typically have from five to seven points, though they can have more or less. Graphic rating scales may or may not define their scale points.

IV.   Paired comparison analysis:

This form of performance appraisal is a good way to make full use of the methods of options. There will be a list of relevant options. Each option is in comparison with the others in the list. The results will be calculated and then such option with highest score will be mostly chosen.

V.   Forced Distribution Method

Here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution.

Forced distribution is a form of comparative evaluation in which an evaluator rates subordinates according to a specified distribution. Although this technique has several variations, the most common method is to force the assessor to choose the best and worst fit statements from a group of statements. These statements are weighted or scored in advance to assess the employee. The scores or weights assigned to the individual statements are not revealed to the assessor so that she or he cannot favor any individual.

VI.   Critical Incidents Method

The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents.

This format of performance appraisal is a method which is involved identifying and describing specific incidents where employees did something really well or that needs improving during their performance period. Under this method, a supervisor describes critical incidents, giving details of both positive and negative behavior of the employee.

These are then discussed with the employee. The discussion focuses on actual behavior rather than on traits. While this technique is well suited for performance review interviews, it has the drawback that the supervisor has to note down the critical incidents as and when they occur.

VII.   Behaviorally Anchored Rating Scales (BARS)

Statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rate is supposed to say, which behavior describes the employee performance. Behaviorally anchored rating scales (BARS) are rating scales whose scale points are defined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a continuum of descriptive statements of behaviors ranging from least to most effective. An evaluator must indicate which behavior on each scale best describes an employee's performance.

BARS are constructed by the evaluators who will use them. There are four steps in the BARS Construction process:

❖ Listing of all the important dimensions of performance for a job or jobs
❖ Collection of critical incidents of effective and ineffective behavior
❖ Classification of effective and ineffective behaviors to appropriate performance dimensions
❖ Assignment of numerical values to each behavior within each dimension (i.e., scaling of behavioral anchors)

VIII. Performance Tests & Observations

This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful.

Advantage, Tests may be about to measure potential more than actual performance. Disadvantages, Tests may suffer if costs of test development or administration are high.

IX. Confidential Records

Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self-expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential.

X. Essay Method

In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promote ability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee. In this style of performance appraisal, managers/ supervisors are required to figure out the strong and weak points of staff's behaviors. Essay evaluation method is a non-quantitative technique. It is often mixed with the method the graphic rating scale. The subject of an essay appraisal is often justification of pay, promotion, or termination decisions, but essays can be used for developmental purposes as well

XI. Cost Accounting Method

Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

XII. Comparative Evaluation Method (Ranking & Paired Comparisons)

These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

❖ **Ranking Methods:** Ranking methods compare one employee to another, resulting in an ordering of employees in relation to one another. It is easy to administer and explanation.

Here an employee is compared with other employee & than is placed in straight ranking from highest to lowest based on their overall performance. In this way the best is placed in first rank and poorest occupies the last rank.

❖ **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under. This form of performance appraisal is a good way to make full use of the methods of options. There will be a list of relevant options.

2.1.6.2 Modern Methods of Performance Appraisal

I.   Management by Objective

The concept of management by objective (MBO) was developed by Peter Drucker in 1954. He called it management by objectives and self-control. It is also known as work planning and review or goal setting approach to appraisal and under that an employee is not appraised by his individual qualities , but his performance with respect to the agreed goals and objectives.

MBO is a method of performance appraisal in which managers or employers set a list of objectives and make assessments on their performance on a regular basis, and finally make rewards based on the results achieved. This method mostly cares about the results achieved (goals) but not to the way how employees can fulfill them. It means management by objectives and the performance is rated against the achievement of objectives stated by the management. Management by objectives (MBO) involves setting specific measurable goals with each employee and then periodically discussing his/her progress toward these goals.

MBO processes goes as under.

➢ Establish goals and desired outcomes for each subordinate
➢ Setting performance standards
➢ Comparison of actual goals with goals attained by the employee
➢ Establish new goals and new strategies for goals not achieved in previous year.

II.   Psychological Appraisals

These appraisals are more directed to assess employees' potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depends upon the skills of psychologists who perform the evaluation.

III.   Assessment Centers

An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self-confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc.

IV.   360-Degree Feedback

As the name implies, this method uses multiple appraiser, including supervisor, subordinates, customer and peer of the targeted persons. The appraisal is 360 degree in that information is collected & feedback is provided in full circular fashion top to bottom & back to top. It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. The style of 360 degree performance appraisal is a method that employees will give confidential and anonymous assessments on their colleagues.

V.   Human recourse method

Human resource is valuable asset for every organization. Human resource accounting method tries to find the relative worth of this asset in term of money. In this method the performance appraisal of employees is judged in term of cost & contribution of employees. The cost of employee include all the expenses incurred on them like their compensation, recruitment & selection cost. Induction & training cost etc, whereas their contributions include the total value added (in monetary term). The difference between the cost & contribution of employee should be greater than the cost incurred on them.

VI.   720 Degree

According to Gal breath cited by Manish Khanna and Rajneesh Kumar 2014 started using the 720 degree and defined it as a more intense, personalized and above all grater review of the upper level managers that brings in the perspective of their customers or investors, as well as subordinates. 720 degree review focuses on what matter most, which is the customer or investors perception of their work. 720 degree approach gives people a very different view of themselves as leaders and growing individual.

2.1.7 Frequency of Conducting Performance Appraisal

Traditionally formal appraisal is done once, or at best twice a year. Research however indicates that once or twice a year is far too infrequent. unless he or she keeps a diary, Considerable difficulties face a rater who is asked to remember what several employees did over the previous six or twelve month. Research indicates that if a rater is asked to assess an employee's performance over 6 to 12 month period, biased ratings may result if especially information has been stored in the raters memory according to irrelevant over simplistic or otherwise fault categories (Wayne F.Casico 2003).

The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

According to Mullinis 1996 cited by Wayne 2003, everyone in the organization has his/her own time to conduct PA depending on their own philosophy of time period. With the majority of schemes, staff receives an annual appraisal and for many organizations this may be sufficient. Also more frequent appraisals may be appropriate for new members of staff (an appraisal for 90 days after employment) those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard.

A systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year. And both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable.

2.1.8 Effectiveness of Performance Appraisal System (PAS)

According to Ranjeet Nambudiri and Wayne F. (2013, pp.321- 223) legally and scientifically the key requirements of appraisal system are relevance, acceptability sensitivity, practicality and reliability.

A. Relevance

Implies that there are clear links between the performance standards for a particular job and organizational objectives and between the critical job elements identified through a job analysis and the dimension to be rated on an appraisal form.

In short relevance is determined by answering the questions "what really makes the different between success and failure on a particular job and according to whom". Relevance also implies the periodic maintenance and updating of job analysis, performance standards and appraisal system.

B. Sensitivity

Implies that a performance appraisal system is capable of distinguishing effective performer from ineffective performer. If it's not the best employees are no rated differently from the worst employees, then the appraisal System cannot be used for any administrator purpose. It certainly will not help employees to develop and it will undermine the motivation of both supervisors (pointless paper works) and subordinates.

C. Reliability

It refers to consistency of judgment. For any given employee, appraisals made by raters working independently of one another should agree closely. In practices, ratings made by supervisors tend to be more reliable than those made by peers. Certainly rates with different perspectives may see the same individual's job pert very differently. To provide reliable data each rater must have an adequate opportunity to observe what the employee has done and the conditions under he or she has done it otherwise unreliability must be confused with unfamiliarity.

D. Acceptability

In practice acceptability is the most important requirement of all HR progress must have the support of those who will use them, or human in ingenuity will be used to the wart them. Unfortunately many organizations have not put much effort into gathering the front end support and participation of those who will use the appraisal system. We know this in theories, but practices are another matter. On the other hand, evidence indicates that appraisal systems that are acceptable to those who will be affected by them lend to more favorable reactions to the processes, increased motivation to improve performance and increased trust for top management. Smart managers enlist the active support and cooperation of subordinate or teams by making explicit exactly what aspects of job performance they will be evaluated on.

E. Practicality

It implies that appraisal Instruments are easy for managers and employees to understand and use those are not or that impose inordinate time determines on all parties, simply are not practically and managers will resist using them. In broader context a company should concerned with developing employment decision systems from this perspective relevance; sensitivity and reliability are simply technical components of a system designed to make decision about employees.

2.1.9 Problems in the Performance Appraisal Process

Different scholars have suggested the possible sources of performance appraisal problems. Accordingly there are three major sources of problems in performance evaluation.

2.1.9.1 System Design and Operating Problems

The performance system can be blamed if the criteria for evaluation are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus solely on activities rather than output (results), or on personality traits rather than performance, the evaluation may not be well received (Junlin Pan and Guoqing Li, 2006;Michel Beer, 1987; Ivancevich, 2004; Cynthia Lee, 1985).

According to Deborah F.B and Brain H. Kleiner (1997) organizations need to have a systematic framework to ensure that performance appraisal is "fair" and "consistent". In their study of "designing effective performance appraisal system", they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria. They further argued that the system should help to create a motivated and committed workforce. The system should have a framework to provide appropriate training for supervisors, raters, and employees, a system for frequent review of performance, accurate recordkeeping, a clearly defined measurement system, and a multiple rater group to perform the appraisal.

2.1.9.2 Rates Problems in Performance Evaluation

The problems of performance evaluation can also be attributed to the rates. For instance, their attempt to create unnecessary impression and work area ingratiation is one of the major Problems with respect to rates, As Wayne, S.J. and Ferris, G.R., (1990) cited in Mark Cook (1995) there are three underlying types of ingratiating behavior, or "upward influence styles"

A. *Job-focused ingratiation*: claiming credit for things you have done and not done, claiming credit for what the group has done, arriving at work early to look good, and working late to look good.

B. *Supervisor-focused ingratiation*: taking an interest in the supervisor's private life, Praising the supervisor, doing favors for the supervisor, volunteering to help the supervisor, complimenting the supervisor on his/her appearance and dress, agreeing with the supervisor's ideas.

C. *Self-focused ingratiation*: presenting self to the supervisor as a polite and friendly Person, working hard when results will be seen by the supervisor, letting the supervisor knows that you are trying to do a good job.

Research suggests however that ingratiation does not always succeed in obtaining good Performance ratings. Unsubtle ingratiation may sometimes be too blatant to be credible, or agreeable. Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization.

On the other hand, defensiveness and resistance to evaluations are also major problems among workers. To many employees, performance appraisal can be a highly threatening experience. This is because employees regard their performance much more positively than did his supervisor. Research showed that, employees may develop defensive mechanisms and resistance in performance ratings to defend against threats to their self-esteem (MichaelBeer, 1987; Campbell and Lee, 1988). The defensiveness may take a variety of forms.

2.1.9.3 Raters' Problems in Performance Evaluation

Even if the all system is well designed, problems can arise if the raters (usually supervisors) are not cooperative and well trained (Ivancevich, 2004).

This is often because they have not been adequately trained or have not participated in the design of the program. In adequate training of raters can lead to a series of problems in completing performance evaluations, including: problems with standards of evaluation, Halo effect, Leniency, central tendency error, Recency of events error, contrast effects, personal bias(stereotyping), similar to me, etc. (Ivancevich, J.M.,2004; Cascio, F.W., 2003).

According to Mark Cook (1995), Performance appraisals suffer from four major problems. These are Biases, politicking, impressions management and undeserved reputation. There is a growing body of evidence supporting the view that supervisors are often motivated to use rating inflation as a strategy to manipulate subordinates reactions to the performance appraisals they receive. For example, on the basis of interviews with 60executive, Sims and Gioia (1987) as cited in Y.Fried et al. (1999) identified six major reasons why managers inflate ratings: a) To maximize subordinates' merit rises; b) To avoid hanging 'dirty laundry' in public; c) To avoid creating a written record of poor performance; d) To give a break to an employee who has shown recent improvement; e) To avoid confrontation with a difficult employee; and f) To promote a problem subordinate 'up and out' of the department.

Resistance to low performance ratings is associated with such subordinate reactions as lower work motivation, greater alienation from the work environment, increased conflict with the supervisor, and diminished belief in the leadership legitimacy and power of their supervisor (Y.Fried et al., 1999). Thus supervisors may inflate ratings to avoid creating an angry, demoralized, unmotivated, and unproductive work unit.

Generally, rating inflation is a political strategy employed by supervisors to further their self-interest. Because managers own work effectiveness is dependent on that of their subordinates, managers will tend to deliberately inflate ratings in an attempt to ensure favorable reactions or avoid unfavorable reactions from their subordinates to their performance appraisals. However, the strength of manager's motivation to inflate ratings is likely to vary according to a variety of personal and contextual variables.

2.1.10 Performance Appraisal Errors

Different authors lists the following as generally occurring biases and errors during the performance appraisal process in Organization. According to them this biases and errors connect with the lack of objectivity of the raters.

I. The Halo and Horn Error

Bhattacharyya (2011) cites Solomon and Lance (1997) to define the Halo effect as the raters general impression on rating of specific rate qualities.One or two qualities of the ratee influence the rater to give good rating about the performance of the ratee although the performance may not be as good.

The opposite of "Halo effect" is the "Horn effect." According to him the horn effect leads to poor rating for performance of a subordinate despite higher level of actual performance because the rater does not like someone qualities of the subordinate and carries a general negative feeling about him or her.

II. First impression (primacy effect)

It is an error arising when the evaluator made an assessment based on the employee's first impression which may be positive or negative and if it is positive primacy effect, the employee is considered as a good performer while in negative primacy effect, the employee is a bad performer (Rao and Rani, 2014).

III. The Leniency Error

This error is often made in an attempt to avoid conflict. Performance appraisals are an uncomfortable situation for both managers and employees. Managers do not always enjoy giving negative feedback and employees do not like receiving negative feedback. To avoid the awkward situation, some managers will not rate employees accurately. Instead, managers give high ratings to all employees to avoid looking like the bad guy.

Although performance appraisal meetings induce anxiety on both the manager and the employee, giving an employee high ratings when they are not deserved does not help employees improve his or her performance. A poor performer that receives high ratings will not change his or her behavior because areas of improvement are not addressed (http://blog.tnsemployeeinsights.com/performance-appraisal-rater-errors/).

IV. Strictness Error (Negative of Leniency Error)

Bhattacharyya (2011) cites Kaynak et al. (2005) to explain the error of strictness in rating in case of raters who suffer from the problem of losing their positions when employees get high rating. In error of strictness situation, the raters usually pre-decide the highest rating score and benchmark the subordinates against this highest score.

V. Stereotyping Error

It is when the rater overestimates or underestimates the employee's performance based on the generalization made to the employee' s behavior on the mental picture of rater about the sex, age, religion, ethnicity and the like (Rao and Rani, 2014).

VI. Central Tendency Error

Citing Dessler (2000), Bhattacharyya (2011) explains that the central tendency errors is the error of averaging method adopted usually by raters who are less acquainted (less familiarize) with the subordinate in order to stay on the safer side of not committing ant judgmental error.These types of raters give average score to all subordinates irrespective of varying levels of performance.

VII. Recency Error

In this case, the rater has a tendency to focus too much on recent happenings and experiences about employees' behavior or performance. This ignore the actual period taking only a recent view (Bhattacharyya 2011).

VIII. Contrast Error

Contrast error occurs when raters compare employees against each other instead of their performance against pre-recorded criteria. This often leads to under evaluation of some good performance due to comparisons with someone, whom the rater views as very successful (Bhattacharyya 2011).

IX. Similarity (similar –to- me) Error

This error the result of tendency in the evaluator to consider someone a high performer in the evaluator finds some similarity between himself and the rate. This seeks similarity in background education, attitudes, personal characteristics or traits, etc (Bhattacharyya 2011).

X. Poor Appraisal forms

The appraisal process is affected by the appraisal forms to be used. If there is ambiguity and lack of clarity in the rating scale or if the forms are too long and complex, they can cause perceptual difference in the meaning of the words used to evaluate employees. The rating form may also ignore important aspects of the job performance (Rao and Rani, 2014).

XI. Spillover error

Spillover error occurs when scores from previous review periods unjustly influence current ratings. For example, a supervisor makes the assumption that an employee who was an excellent performer in the previous period ought to be an excellent performer also during the current period and provides performance ratings consistent with this belief (Herman Aguinis 2009).

2.1.11 Legal Considerations in Performance Appraisal

To provide information that can serve the organization's goals and that complies with the law, a performance evaluation system must provide accurate and reliable data. The ability to generate accurate and reliable data is enhanced if a systematic process is followed.

According to Ivanceciich (2004), the following six steps can provide the basis for such a systematic process:

- ❖ Establish performance standard for each position and the criteria for evaluation.
- ❖ Establish performance evaluation policies on when to rate, how often to rate, and who should rate.
- ❖ Have raters gather data on employee's performance.
- ❖ Have raters (and employees in some systems) evaluate employees' performance.
- ❖ Discuss the evaluation with the employee.
- ❖ Make decisions and file the evaluation.

Every organization in Ethiopia is guided by the rules and regulations of the federal and/or state agencies of its respective country. In this respect, the Federal civil service commission is the agency in charge in Ethiopian context that stated proclamation no.515/2007 Article 31(performance evaluation).

1. The purpose of performance appraisal shall be:
   A. To enable civil servants to effectively discharge their duties in accordance with the expected level, quality standards and time and expense;
   B. To evaluate civil servants on continuous basis and identify their strengths and weaknesses with a view to improve their future performance;
   C. To identify training needs off employees;
   D. To give reward based on results;
   E. To enable management to make its administrative decisions based on concrete evidence.
2. Performance evaluations hall be carried out in a transparent manner.
3. The agency shall issue directives on performance evaluation.

The legal aspect off performance appraisal shall be given due attention because failure toComply with policies and regulations results in penalties that can be easily avoided by performing performance appraisal activities by taking in to consideration the legal issues.

2.2 Empirical Study in the field of Performance Appraisal

A study made by Eniye Dargie (2007) has assessed employees Performance Appraisal Practice of Abyssinia Bank. The objective of the study is to find out the process and system of performance appraisal on improving employee morale and performance by making a thorough assessment of performance appraisal system in BoA. In order to get a representative data 60 questionnaires were prepared and distributed to employees of the company for those who are found in Addis Ababa city.

The study has founded that there is no written policy about the performance appraisal system and the objective of performance appraisal. There is no standard set to which the performance appraisal result is to be compared with. Performance evaluation is made once a year, which is long period to remember and evaluate employee's one full year past performance. Lack of uniformity and consistency in applying the whole performance appraisal system in the company, Employees are not aware about the purpose of performance appraisal and the timing of performance appraisal and they are not participated in setting the performance criteria and the weight assigned to performance measurement criteria.

The researcher believes that if all the above mentioned problems are corrected the appraisal system of the Bank will contribute to the success of the organization. Therefore based on the problems the writer recommended the following suggestions that are helpful to improve the system.

The first step the company has to do is establish a written policy regarding the Responsibility of appraisals frequency of appraisal in general guide lines used in performance appraisal process and system. The objective of appraisal should be made clear to all employees before appraisal takes place and employees should accept it. Since the evaluation is long ratters should develop the habit of recording the favorable and unfavorable deeds of workers to lessen recent behavior bias. 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.

The rating methods or formats are the central issue in performance appraisal broader issues must also be considered such as trust in the appraisal system; the attitudes of managers and employees, the purpose, frequency, and source of appraisal data; and rater training should consider in performance evaluation. So the study made by Bashir, U., Bashar,M.S. , and Roha C.L.(2011)an investigation of the forced ranking system in Australian Journal. Found that the forced ranking process is effective in a system in which both managers and subordinates have shared perceptions about organizational goal and the extent to which the same meets the need of both managers and subordinates. According to Bashir "Employees acceptance for performance appraisal system is very important, as disliking towards it can negatively affect the job performance and also employees satisfaction." The research more focused on three aspects   i) critical analysis of the forced ranking system of Pakistan Petroleum limited, ii) Contribution of forced rating system to employees turn over and iii)To asses employees performance towards the system of Performance management.

The sample study included 55% employees from lower management level and 45% employees from middle management level. In general there was support for the idea that both level of management find this process along with performance Appraisal to be a worthwhile organizational practice. Approximately 75% of the respondent from lower management and 100% from middle management indicated that they would participate in the appraisal program because it's vital for their organization .They did not find any directly assignable link between employee turnover with the forced ranking system, because they found that many of leaving the company were either promoted or given a good pay hike in the recent past. Bashir et al. (2011) argue that the forced ranking system works effectively in large organization.

Chemeda Diriba (2012) has studied "A Comparative Study of Employees Performance Appraisal Practices and Problems in Ethiopian Higher Education Institutions in The Case of Addis Ababa and St. Mary University College". The writer conclude that the performance appraisal is implemented in the public higher education institution at moderate level, where as it is implemented in the private higher education institution at high moderate level to let employees know where they stand at particular period of time in their performance. The information generated through PA is at the moderate level in both organizations in providing incentives and job promotion to those employees whose their performance is at the level of the standard and

above. Particularly, AAU, which is a public university, uses at very low level for it gives only promotion rather than other payments, while the SUC makes both payment (annual increment) and promotion and training and development program. The practice of supervisors accurately evaluating their subordinate to the extent of they are being rewarded for doing so and penalized for failing not doing so is low in AAU, while adequately enough in SUC.

Though its level of existence is low, employees creating positive impression in the minds both organizations supervisor is clear, which the subordinates sought what is not their achievements in return from their supervisors. This practice creates distrust and weakens competitiveness among employees and spoils organizations culture.

The study has also suggested that both the organizations need to maximize the use of PA in their respective managerial systems, in order to correct the behavior of employees with low performance and make them more efficient and effective. If this measure could not correct the behavior of their employees, the organization should consider the question of retention or discharge in order to minimize cost and maximize benefit of the organizations.

As the suggestion of the researcher Both organizations need to use the performance appraisal to strengthen the relationship between the superior and subordinate by implementing motivational scheme, creating transparency, avoiding bias, and improving employees attitude by giving training and development to the employees in order to help to avoid employees self-perceptions wrongly.

Since motivation enhances employees moral for creativity and competition, creative mind innovates new product or services that shall improve productivity/service quality which as a result brings about maximizing efficiency and effectiveness. This eventually brings about the attainment of organizational goals. Therefore, the organizations understudy and Ethiopian Higher Education institutions in general should work hard to use the information generated through performance appraisal for motivation of employees.

2.3 Conceptual Framework

Conceptual frame work is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied. It is arranged in a logical structure to aid provide a picture or visual display of how ideas in a study relates to one another. Mostly diagrams are created to clearly define the constructs or variables of the research topic and their relationships are shown by the use of arrows (Dickson A., Joe A. and Emad K. 2017).

Fig.2.3. Conceptual framework of the study
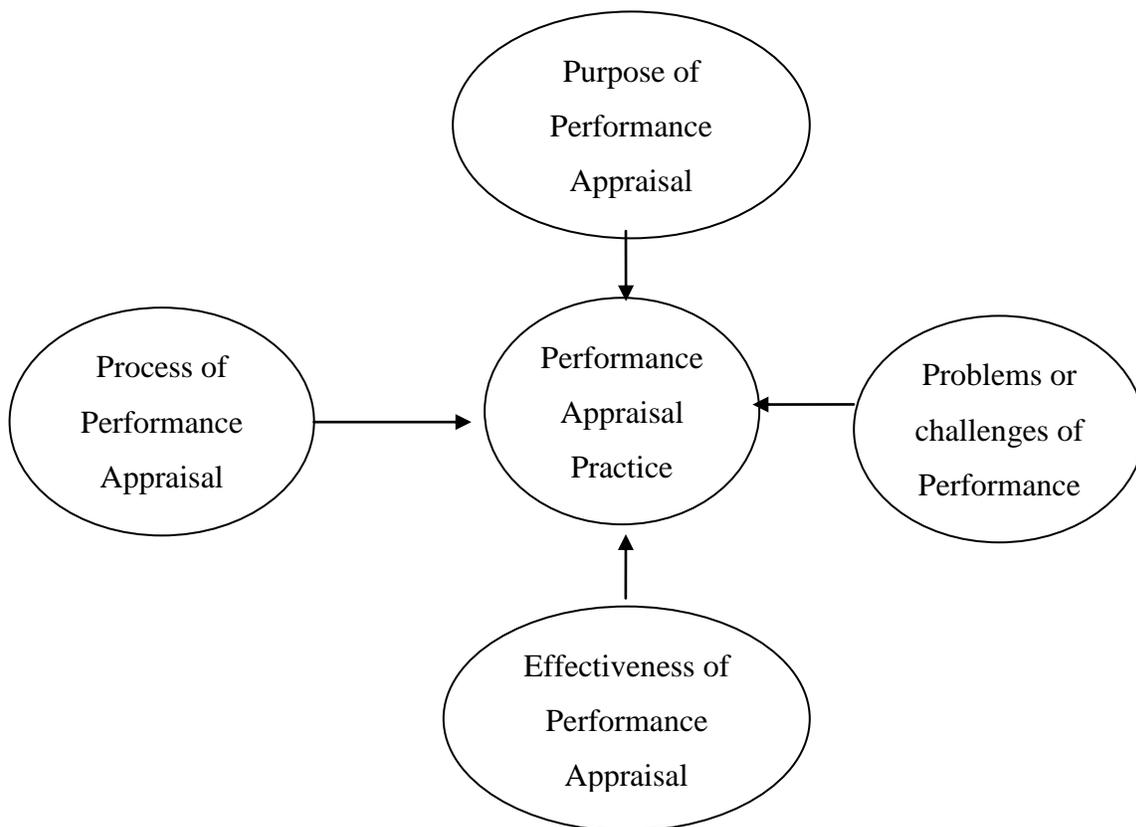
Source; Developed based on the
Literature review

CHPTER THREE

RESEARCH DESIGN AND METHODOLOGY

In this chapter, the practical methods are used in order to answer the research questions and meet the objectives of this research. It includes the research design and approach, population, sample size and sampling technique, sources of data and data collection tools employed methods of data collection and procedures, analysis of data, reliability and validity assurance and ethical issues considered.

3.1 Research Design and Approach

The major purpose of descriptive research is description of the state of affairs as it exists at present. The researcher has no control over the variables; he can only report what has happened or what is happening (C.R. Kothari 2004, pp. 37). Based on the above definition descriptive type of research design is best to achieve the aim of this research since the study is focused on assessment of employees performance appraisal practice and challenges in Ethiopian Road Authority, AMBTTTC.

The problems addressed by social and health science researchers are complex, and the use of either quantitative or qualitative approaches by themselves is inadequate to address this complexity. Mixed approach is more insight to be gained from the combination of both qualitative and quantitative research than either form by itself (J. W. Creswell 2009). Because of this, the research approach is designed employ in mixed research approach. Thus, both quantitative and qualitative data were used to assess the performance appraisal practices and challenges of the targeted organization.

3.2 Population, Sample Size and Sampling Techniques

Alemgena Machine Based Technology Training and Testing Center has a total of 254 permanent employees. 177 are male and 77 female. The target population included those employees who have more than one year experience which means that they have a chance of at least one time experience of performance appraisal in their work place.

There are several approaches in practice to determine the sample size but the researcher used for this study to determine the sample size, Taro Yemane (1967) formula to determine the sample size, which is more appropriate due to the small number of total population and its simplicity commonly applicable in survey research.

$$n = \frac{N}{1+N\,(e)^2}$$

Where:

- n = Sample size
- N = Total population that is 254
- e = precision level that is 5% which will be 0.05

$$n = \frac{254}{1+254*(0.05)^2} = 155.3 \text{ approximately} = 155$$

So the research is expected to address 155 employees of the training center, which is 61% of the total number of population.

Simple random sampling technique was used to select the participants of the research because, (i) each unit in the population will have an equal chance of being selected and they do have equal contribution in the research (ii) it will reduce sampling error since the respondents are similar and do have equal contribution to the study, as asserted by (Samy Tayie 2005, p. 36).

3.3 Source of Data and Data Collection Tools

The two sources of information used for research purpose are primary and secondary. Primary sources are those in which we need to conduct a new survey for gathering information at different levels with regard to the inquiry, whereas secondary sources are those which are made available or have been collected for other research purposes (Adams & co-workers, 2007).

Accordingly the data collected for this study were both from both primary and secondary sources. The primary data were collected by questionnaires completed by employees of the organization and structured interview was prepared to interview the human resource directorate, for the purpose of triangulation.

The questionnaire that used in this study have three parts: *part one* is to explain about the purpose of the study to the respondent, *Part two* Demographic Information of the respondent that were used to statistical reasons which consisted of four questions to find out, the Demographic features of the respondents such as age, gender, year of career and academic status. *Part three* this part the questionnaire employees were asked the overall practice of performance appraisal in the organization based on a five- likert scale interval. The interpretation for the variables use on likert scale: Strongly agree (SA) =5, Agree (A)=4, Neutral (N)=3, Disagree (D)2, and strongly disagree (SA)=1.

Besides for qualitative data structured interview was conducted for tow management heads (Human resource management team leader and Lead) to support the quantitative analysis. The secondary data were collected from relevant documents, ERA magazine and website, reference books, Organization performance appraisal formats, and www.wikipedia.com.

3.4 Data Collection Procedure

Primary data collect by using a structured questionnaire which is quantitatively measured by the type of closed questionnaire. In closed question prewritten response categories are provided because of this it tend to be quicker to administer, easier for the researcher to record responses, quick and easy for respondents to tick boxes might be more likely to answer all the questions. Because of such convenience structured and closed ended self- administered questionnaire were developed and constructive comments were given by the advisor. Then it was distributed to the target population physically to each one of the respondents. About three days were given to respond.

3.5 Data Analysis Method

Descriptive data analysis methods based on tables have been used to analyze information on all factors/variables including respondent personal information, After collected the required data statistical package for the social sciences (SPSS) version 20 had been applied to process and variables are analyzed by using frequency counts, percentages and mean.

Thus, the data collected through questioner were analyzed quantitatively using frequency count, percentage and mean, whereas the data collected through the administration of interview and referring to the documents were analyzed qualitatively using an in-depth narration.

3.6 Reliability and Validity of Measures

3.6.1. Reliability Measure

Reliability concerns the extent to which a measurement of a phenomenon provides stable and consistent result (Carmines and Zeller, 1979 cited by Hamed Taheroodst 2016). Reliability is also concerned with repeatability. The most commonly used internal consistency measure is the Cronbach Alpha coefficient. It is viewed as the most appropriate measure of reliability when making use of Likert scales (Whitley, 2002, Robinson, 2009 cited by Hamed 2016).

Table 3.1 Standards of Cronpach's alpha

No	Coefficient of cronbach's alpha	Reliability level
1	More than 0.90	Excellent
2	0.80 - 0.89	Good
3	0.70 - 0.79	Acceptable
4	0.6 - 0.69	Questionable
5	0.5 - 0.59	Poor
6	Less than 0.59	unacceptable

Source; Researchgaet.net

Regarding reliability of the questioner, Cronbach's alpha scores was applied to check the reliability of the instruments under each variable and the range of 0 .762.

 Scale: All Variables

Case Processing Summary

	N	%
Cases Valid	12	100.0
Excluded[a]	0	.0
Total	12	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.762	38

Table 3.2 .Reality statistics

3.6.2. Validity Measure

Validity explains how well the collected data covers the actual area of investigation (Ghauri and Gronhaug, 2005 cited by Hamed Taheroodst 2016). Validity basically means "measure what is intended to be measured" (Field 2005 cited by Hamed 2016). Or Validity simply means that a test or instrument is accurately measuring what it's supposed to.

To ensure validity, the questionnaire was evaluated by the research advisor and informal discussion with some supervisors before distribution and necessary amendments have been made.

3.7. Research Ethical Considerations

Ethics is the moral distinction between right and wrong, and what is unethical may not necessarily be illegal. In order to be ethical, a researcher should consider voluntary participation and harmlessness. Subjects in a research project must be aware that their participation in the study is voluntary that they have the freedom to withdraw from the study at any time without any

unfavorable consequences, and they are not harmed as a result of their participation or non-participation in the project (Bhattacherjee 2012).

According to the definition, all the HRM managers and other concerned bodies are well informed about what the researcher is studying in the company and to increase the ethical standard of the questioners and the right of the respondents, the following statements were included on the questioners; Introduction and explanation for study, Specific aim(s) of the study, Outcomes to be measured and Study procedures. Also it may not be ethical to ask employees to answer questionnaires while they are at their work responsibility. Hence, enough time was given to respondents so that they can either take the questionnaire to their home or use their break time.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The previous chapters deal with the background of the study, relevant literature on the research topic and research methodology used in the research. This chapter presented the finding or results from the survey made through questionnaires, secondary data analysis, and interview responses. The questionnaires were distributed and collected from Managerial Employees; Non managerial and Non-clerical employees whereas interview was conducted for two Management heads. The total number of distributed questionnaires were 155 and 130 questionnaires were filled and collected. The response rate was 83.8 % which was satisfactory to analysis and assessed the finding; closed-ended questionnaires and interview output were used to triangulate the research. The questionnaire had six parts including the background of the respondents and there were statements under each of part. These statements were presented using table and analyzed by frequency and percentage. After the main parts of the questionnaire presented and analyzed, open-ended questions and interviews were followed and discussed.

4.1. Profile of the Respondents

The study included four demographic variables which were used to describe the respondents' profiles. These were: gender, age, the level of education and service years of the respondents. The preceding table shows the frequency distribution of participants' responses to their profiles information.

Table 4.1: Demographic information of the respondent

Gender of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	52	40	40	40
	Male	78	60	60	100
	Total	130	100	100	

Age of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	6	4.6	4.6	4.6
	From 26-35	75	57.7	57.7	62.3
	From 36-45	27	20.8	20.8	83.1
	From 46-55	11	8.5	8.5	91.5
	Above 55	11	8.5	8.5	100
	Total	130	100	100	

Educational Background of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High school complete	12	9.2	9.2	9.2
	Level Complete	12	9.2	9.2	18.5
	Diploma	39	30	30	48.5
	Degree	57	43.8	43.8	92.3
	Master's degree	10	7.7	7.7	100
	Total	130	100	100	

Year of Experience (In Present Organization)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From 1-4	19	14.6	14.7	14.7
	From 5-10	49	37.7	38	52.7
	From 11-15	29	22.3	22.5	75.2
	From 16-20	11	8.5	8.5	83.7
	From 21-25	7	5.4	5.4	89.1
	Above 26	14	10.8	10.9	100

	Total	129	99.2	100	
Missing	System	1	0.8		
	Total	130	100		

Source; own work, 2018

The majority of the respondents were males which were 78 (60%). The rest respondents 52 (40%) were females. This indicated that the number of males at the AMBTTTC was large in size when it was compared with females' employees.

As it is seen in table 4.1, 6 (4.6 % of) the ERA training and testing center employees respondents were within the age below 25 years old, 75 (57.7 %) are between the age of 26 and 35 and 27(20.0%) of them were within the age of 36 to 45 years. The majority age of the respondents 75 (57 % of them) were between the age of 26 to 35 years and only 11(8.5 %) were above 55 years old. It implies that, in reality many employees in AMBTTTC are youngsters and this study has got the participation of majority young employees which are between the age of 26to 35.

As it is seen in the table, most of the respondents 49 (37.7 %) have worked in the ERA training and testing center for 5 to 10 years. Respondents who have served below one year of service were excluded from the study since they did not have performance appraisal results or experiences to give the necessary data for the study. 29(22.3%) of the respondents have worked in the AMBTTTC between 11-15 years. The table also shows above 50 % of the respondents had served below ten years and 11(8.5%) of them worked for 16-20 years and 7(5.4) of them also worked for 21-25 years, 14(10.8) of them served for 26 and above years.

As shown in the table 4.1 above there is respondents who had a second degree were 10 (7.7 %). The majority of the respondents 57 (43.8%) had a first degree, 39(30%) of them had diploma, 12(9.2%) of the respondents are level and high school complete.

4.2. Analysis of Data Collected for the Study

4.2.1. Mean and Standard Deviation of Performance Appraisal and Challenges

In this section, based on the responses of respondents the descriptive analysis was performed to compare the components of performance appraisal (such as Application of performance appraisal process, Purpose of Performance Appraisal Practice, Standards/Criteria used to measure performance, Satisfaction of employees with performance appraisal process and challenges in performance evaluation process using mean and standard deviation. In the analysis (Zaidatol, 2009) comparison bases of mean score for five point Likert scale instruments is used to compare the mean value.

Table: 4.2. Standard of Mean score Measurement

Mean Score	Description
1.00 -1.8	Strongly Disagree
1.81- 2.61	disagree
2.61- 3.41	Neutral
3.41- 4.2	Agree
4.2 - 5	Strongly Agree

Source; Vigder house, G. (1977)

According to (Zaidation, 2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

4.2.2. Application of the PA process in AMBTTC

In assessing the processes used in performance appraisal practice of ERA, AMBTTC the following listed questions were brought to the employees of the organization and their response is summarized as follows:

Table 4.3: Application of the employees performance appraisal process at ERA, AMBTTC.

NO	Application of performance appraisal process	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree		total	Mean	Std. Deviation
		F	%	F	%	F	%	F	%	F	%			
1	I know the existence of PA in the organization.	6	5%	8	6%	31	24%	62	48%	22	17%	129	3.67	0.987
2	The performance evaluation in ERA has helped me to improve my job performance.	14	11%	42	32%	23	18%	37	28%	14	11%	130	2.96	1.216
3	The PA process made clear to all employees.	7	6%	49	43%	30	26%	21	18%	8	7%	115	2.77	1.043
4	The organization (Rater) clearly explains the standards that will be used to evaluate employees.	12	9%	37	29%	29	23%	41	32%	9	7%	128	2.98	1.129
5	There is feedback and discussion between employers and employees in the PA meeting.	11	9%	38	32%	23	19%	31	26%	15	13%	118	3.03	1.158
6	Information generated through performance evaluation is used to give feedback to subordinates, so that they know where they stand.	5	4%	52	40%	33	26%	31	24%	8	6%	129	3.12	1.02
7	Information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance and helps supervisors make discharge or retention decision.	14	11%	25	19%	41	32%	44	34%	5	4%	129	3.01	1.064
8	Information generated through performance evaluation issued to motivate subordinates through recognition and support.	24	20%	23	19%	34	29%	16	14%	21	18%	130	3.13	0.999
9	I can challenge a performance rating if I think it is unfair.	10	8%	61	48%	22	17%	25	20%	10	8%	128	3.28	1.108
10	There is a procedure to appeal a performance rating that I think it is biased or inaccurate.	11	9%	40	32%	42	34%	24	19%	7	6%	124	3.08	1.056
	Application of performance appraisal process agreegate Mean and SD											126	3.103	1.078

From item 1 of table 4.3 above, the respondents were asked about their level of agreement on the Statement "I am aware regular performance appraisal is conducted at ERA, AMBTTC "accordingly the majority of the respondents 84(65.1%) respond an agreement level response with the item for knowing the existence of PA at ERA, AMBTTC,

while 31(24%) are neutral and the remaining 14(10.9%) showed disagreement. It is also observed from the table 4.3 with a mean of 3.67 and standard deviation of 0.987, these findings indicates that the majority of employees have known the PA practice existence in the organization. This shows that employee performance evaluation practices at AMBTTTC are known by the majority of the respondents and there is no information gap among employees as the existence of regular PA Practice.

Moreover it can be observed from item 2 of the table above ,the respondent were asked to comment weather the PA practice helped them to improve their job performance. To this end, the respondents 56 (43%) indicated a disagreement level response on the performance evaluation in ERA AMBTTTC has not helped them to improve job performance while the other 23(18%) of the respondents indicated neutral response and 51(39%) agreement level. In addition with mean of 2.96 and standard deviation of 1.216, these findings show that the performance evaluation in AMBTTC has not helped them to improve their job performance. Though there is some number of employees who indicated that the performance evaluation at AMBTTC has helped them to improve the performance of their jobs.

It can also be seen from the table 4.3 above item number 3, the respondents were asked the "performance evaluation process is clear to all employees". The findings of this survey revealed that 56(48.7%) answered disagreement level opinions while 29(25.2 %) of the respondents are in agreement level and Only 30(26.1%) of the respondents did rate Neutral. Although with a mean of 2.77 and standard deviation of 1.043 from these findings it can be conclude that the PA practice is not clear to employees of ERA, AMBTTTC.

As per the data presented in the above table 4.3 above, the researcher were asks the respondents to comment whether the "organization clearly explains the standards that will be used to evaluate employees". Accordingly 50(39.1%) have an agreement level response. while 49(38.3%) respondents in disagreement level whereas 29 (22.7%) neutral level response. Therefore, with mean =2.98 and standard deviation of 1.129 the findings indicate that employees of ERA, AMBTTTC employees have a positive prospect to the Rater that he/she clearly explains the standards that will be used to evaluate employees. Performance management person or rater also needs to setting up a shared understanding of what is to be achieved at an organizational level.

As it can be shown table 4.3 concerning the performance of the appraisal process, for the statement from the item listed the respondents were requested to give their opinions if "There is a feedback and discussion between employers and employees in the appraisal meeting", the result shows that 49(41%) disagreement level response while 46(39%) agreement level response and 23(19%) of the respondents give an undecided or neutral answer. Again with a mean value of 3.03 and standard deviation of 1.118 those majority respondents are in disagreement level response. This explains that performance appraisal is not done through discussions which disallow employees to express their opinions and comments, as well as managers unable to comment on employee's strength and weakness. According to Ritter and Nunnally (2002), Regardless of the rating given, the superior and his subordinate through an open effective communication should make an effort to identify areas where improvement can be made for effective performance.

Concerning the usage of "Information generated through performance evaluation is used to give feedback to subordinates so that they know where they stand in the organizations "as shown on table 4.3 above, 57 (44%) disagreement level answers, which shows that the subordinates are not using the data for the feedback purpose. On the other hand 39(30%) of the respondent shows agreement level. While the rest of 33(26%) are indifferent. In addition from the table a mean value of 3.12 and standard deviation of 1.02 indicates an average response of disagreement among the respondents for the variable.

From the response, it is possible to conclude the use of performance appraisal to give feedback to the subordinate employees is not used effectively. The rationale for their knowledge is it helps how they were performing their job and shows them where they stand and motivates them to improve their performance which improves productivity/service quality of their respective organizations.

Similarly, it can be seen from the table 4.3 the respondent were asked to respond whether the "Information generated through performance evaluation is used as a basis to subordinates about unsatisfactory performance and helps supervisors to make discharge or retention decision". Accordingly, 49(38%) have a positive opinions towards the generated information can be a basis for the subordinate for making discharge and retention decisions. While 39(30.2%) of disagreement level answer and the rest 41(31.8%) are neutral.

In addition with the mean value 3.01 and standard deviation 1.064 the finding of the result revels at ERA, AMBTTTC the respondents have known that information generated through Performance evaluation a basis for the subordinate for making discharge or retention decision (i.e.) if the employees show unsatisfactory performance the ERA, AMBTTTC has the Authority to make discharge and retention decisions thus the employees should give attention to the PA.

In the same way it can be observed from table 4.3 the respondents where requested to give their opinions on the statement regarding "Information generated through performance evaluation is used to motivate subordinates through recognition and support". To this end, majorities 47(38.9 %) of respondents express disagreement level opinion response and about 34(29 %) of them being neutral and 37(31.4 %) of the respondents forward agreement level responses. table 4.3 also show a mean value 3.13 and standard deviation 0.999. This indicates the motivation level of employees at ERA, AMBTTTC is not good there are a number of employees who are not small in number who didn't believe or not exactly know PA practiced at their organization used as a means of motivating subordinate.

This shows that employees PA result is not used as a motivational factor for support and recognition. Regarding to this the researcher also found out similar response through interview from HRM department and they said that "employee's selection for recognition depends on immediate recommendation of the boss". PA's offer a valuable opportunity to recognize and reward employees and detect key barriers and facilitation to work practice and identify professional development needs and opportunities. Generally employees PE should be applied for support and recognitions and it needs appropriate design to help and motivate employees for better achievement.

The other thing that the researcher asks the respondents were that the employees of AMBTTTC can challenge a "performance rating if he/she think it is unfair". To this end, majorities of 71(55.5%) disagreement replies while 35(27.3%) of the respondent agreed response and the rest of 22(17.2%) are indifferent response. In additions with a mean value 3.28 and standard deviation 1.128 of this implies that even though the employees have the right to appeal inaccurate or unfair PA result but it did not change the PA Result or rating.

Lastly it can be observed from the table 4.3 above for the last statement items, the respondents were asked to give there comment if there is a procedure to appeal a performance rating that if it is biased or inaccurate. As it is indicated from the above table, 51(40.5%) replied disagreement level and a 31(25.2%) of agreement level response and 42(34.3%) indifferent or neutral it can be shown from the table mean value of their response is 3.08 with standard deviation of 1.064 this implies that the majority of the respondents disagreed for the appeal to biased or inaccurate PA at ERA, AMBTTTC that the employees are either have no the right to object or they don't know how there to Appeal.

Finally for each statement as shown on the Table 4.3 above, describes the mean and standard deviation of Application of the performance appraisal process in ERA, AMBTTC considered in this study. To aggregate mean value for the overall Application of the performance appraisal process in ERA, AMBTTC is 3.104. Thus result of the aggregate mean inclines to the low scale of mean score comparison basis from table 4.2 above. This implies that respondents have a low level of feeling towards the entire Application of the performance appraisal process in ERA, AMBTTTC.

As per the interview of the HR head of ERA, AMBTTTC employee performance appraisal process is using a graphic rating scales and an employee is evaluated and appraised by the three participants, Employee him/her self, Review committee and Team leader (supervisor). Employee evaluate by him/her self is made by requesting criteria that is made by requesting the employee to explain the major activities and tasks him/her has performed during the appraisal period, that valid to 10%. The review committee, more than three Lead supervisors from different department participates in the committee each individual employee has to be evaluated by sated criteria that valid to 15% this body will descried its suggestion and lead it to the Team leader management for final approval. The third participant to evaluate employees is a team leader of the department which is hold 15% of grads t from the total is evaluated by the team leader.

4.2.3. The purpose of performance appraisal practice

Here the respondents were requested to reflect their level of agreement for the questions which are formulated based on the key requirements about purpose of PA in the organization.

Table 4.4: Respondent opinion on the purpose of PA practiced by the organization

	Agreement level	1		2		3		4		5		Total		
No	Purpose of Performance Appraisal Practice	F	%	F	%	F	%	F	%	F	%	Total	Mean	S.D
1	I know the purpose of PA in the organization.	4	4%	20	18%	31	28%	43	38%	14	13%	112	3.38	1.033
2	Performance evaluation system in the company can serve its purpose.	12	10%	37	30%	34	27%	34	27%	8	6%	125	2.91	1.100
3	In my opinion, the performance evaluation system is fair and objective.	14	11%	59	48%	23	19%	20	16%	7	6%	123	2.57	1.072
4	Information generated through performance evaluation is used to determine bonus payment /salary adjustment/ decisions.	12	11%	46	41%	30	27%	11	10%	12	11%	111	2.68	1.136
5	Information generated through performance evaluation is used to know the skill gap and providing a training to improve their performance and develop their respective potential.	4	4%	39	35%	31	27%	26	23%	13	12%	113	2.96	1.089
6	Information generated through performance evaluation is designed to strengthen the relationship between supervisions and subordinates.	7	5%	46	35%	39	30%	34	26%	4	3%	130	2.86	.971
7	Information generated through performance evaluation is used to determine promotion or demotion decisions.	12	9%	33	26%	53	41%	26	20%	5	4%	129	2.84	.983
8	Information generated through performance evaluation is used to diagnosis/ maintain/both organizational and individual problems based on performance results.	11	8%	30	23%	46	35%	35	27%	8	6%	130	2.99	1.045
	Purpose of Performance Appraisal Practice	**Aggregate Mean**										121.625	2.90	1.054

From item 1 of table 4.4 above, the respondents were asked to express their level of agreement on the statement "I am aware the purpose of performance appraisal in the organization" Accordingly, majority of respondents 57 (52.6%) have agreed that they know the PA purpose at the organization. On the other hand 24(21.3%) has a disagreed opinions and 31 (28.1%) are indifferent. Also the mean value 3.38 and standard deviation 1.033 of respondents also signifies that respondents were agree with the idea. From the responses a large number of respondents have positive agreement. In other way, the human resource department officials were asked about the knowledge of employees regarding performance appraisal in their organizations during the interview sessions, and their response was that they don't think the employees knew very well, as there was no training given to them, and they did not believe what they knew from informal communication among their friends was adequate as PA is a broad term.

It can be seen in table 4.4 related with PA system serve its purpose, the majority 49 (40.46%) disagree, 42 (33.15%) respondent agreed and the rest 34(22.39%) are indifferent. From the responses a large number of respondents have negative agreement. While with the mean value 2.91 and standard deviation 1.100 of respondents also signifies that respondents were disagree with the idea. The majority of ERA, AMBTTTC employees did not believe that the performance appraisal system served its purpose, the purposes of performance appraisal being counseling, coaching, developing and training for those employees with deficiency on their job, and promotion and reward to motivate those who were performing well. On the same thing, the response of the human resource management departments appears to be that performance appraisal is not serving its purpose well.

The respondents also asked their opinion whether the performance evaluation system is fair and objective and the majorities of the respondents 73(59.3%) in a disagreement response and 27(22%) agreed for the given measurement while the rest of the respondent 23(18.7 %) is in neutral response or indifferences. Furthermore, a mean value of 2.57 and standard deviation of 1.072 indicates an average response of disagreement among the respondents for the variable. This implies that the respondents have a disagreement response on the fairness and objectivity of the performance evaluation system.

The other questions on table 4.4 indicate that "Information generated through performance, evaluation is used to determine bonus payment (salary adjustment) decisions" and the respondent where respond that 58(52.3%) of disagreement and is the agreement level of 23(20.7%) and with respondent that are neutral or indifference of about 30(27 %). A mean value of 2.68 and standard deviation=1.136 indicates an average response of disagreement. Thus the respondents have disagreed on that the information generated through the performance evaluation will not determine their salary adjustment, however, some of the respondents said the information has no influence on the salary.

As it can be seen from table 4.4 above, the respondents were asked for "Information generated through performance evaluation is used to know the employees skill gap and it will help for providing training to improve employees performance and develop a skill with the employees respective potential" accordingly mean value of 2.96 and standard deviation of 1.089 shows that majority respondents are a negative response towards the given statement. To this end, majorities of 43(38.1%) of respondents disagreement level response while 39(34.5%) of the respondent is in agreement regarding these issues and the rest of 31(27.4%) is indifferent responses this implies that the Performance appraisal process does not helps AMBTTTC employees to fill the skill gap but it should be a helpful data for the nomination of personals for training purpose.

Again similarly As it can be seen from table 4.4 above on the statement "Information generated through performance evaluation is designed to strengthen the relationship between their supervisors and subordinates" accordingly, majorities of the respondents 53 (40.8 %) are in disagreement level and 39 (30%) are indifferent level and the rest or 38(29%) agreed on the PA helps to strengthen the relationship between supervisors and subordinate. Furthermore, a mean value of 2.86 and standard deviation of 0.971 shows those majority respondents are in disagreement. The result of this question show that majority of employees did not get adequate support which help them to perform in a better way and contribute for the development of the organization. This result shows that the designed evaluation PA for ERA, AMBTTTC is not helping the relationship between the supervisors and subordinates this will not only affect the subordinates or supervisors but also the organization as a whole might be affected.

Moreover as can be observed from the table 4.4 the respondents were requested their comment on "Information generated through performance evaluation is used to determines promotion or demotion decisions" accordingly, majorities of the respondent are Neutral 53(41.1%) and the 31(24%) of agreement and 45(34.9%) of disagreement. Again a mean value of 2.84 and standard deviation of 0.983 shows that majority respondents are in disagreement and this implies that the respondents are not sure that the PA will determine the promotion and demotion of the employee level.

Lastly for the purpose of PA Measurement the researcher Ask the "information generated through performance evaluation is used to diagnosis/ maintain/both organizational and individual problems based on performance results" accordingly, majorities of the Respondent 46(35.4) are indifferent while others with 41(31.5%) and 43(33.1%) disagreement and agreement. Again a mean value of 2.99 and standard deviation of 1.045 shows that majority respondents are in disagreement. Implies that PA is not given Attention while if it is not give its performance result for diagnoses and maintenance of ERA, AMBTTTC problems at an individual level and Organizational Level.

To sum up, the items the purpose of performance appraisal practice, the grand mean value of 2.9 and standard deviation of 1.054 signifies that respondents 'reaction for the variables are also in the range of disagreement. This indicates purpose of PA were not defined and communicated, to mention some employees were not allowed to participate in designing performance appraisal process and appraisal was not done together with supervisor. This proves employees were evaluated without knowing their roles and what exactly was expected from them.

According to the interview the process of performance evaluation in ERA are the following aims
- ✓ To review an employees performance objectively over a set period of time, to provide guidance for future performance improvements of employee and to take appropriate and timely disciplinary measures against an employee with poor performance.
- ✓ To offer managers/supervisors and their employees the opportunity to communicate with each other and to set employee performance targets and personal development plans for subsequent appraisal periods.

4.2.4. Standards/Criteria used to Measure Performance

In this section, the purpose of performance appraisal practice is presented precisely based on participants responds.

Table 4.5: Standards/Criteria used to Measure Performance in the organization

no	Agreement level	1		2		3		4		5		Total	Mean	Standard Deviation
	Standards/Criteria used to measure performance	F	%	F	%	F	%	F	%	F	%	Total	F	F
1	The performance criteria/instrument used to measure my performance are clearly defined and objective.	21	16%	27	21%	34	26%	45	35%	3	2%	130	2.86	1.133
2	The PA formats are simple and practicable (practicality).	11	9%	43	35%	26	21%	38	31%	6	5%	124	3.12	1.094
3	The performance evaluation criteria used in the organization is capable of measuring my true performance (Acceptability).	15	12%	49	38%	20	15%	39	30%	7	5%	130	2.80	1.151
4	In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers (Sensitivity).	6	5%	38	30%	37	29%	38	30%	9	7%	128	3.05	1.034
5	The performance evaluation form used to evaluate my performance is designed based on my job description (Relevance).	15	12%	49	38%	20	16%	39	30%	5	4%	128	2.77	1.126
6	The company needs to make certain adjustments to the existing PA criteria/form.	3	2%	17	13%	28	22%	56	44%	24	19%	128	3.63	1.011
7	The rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.	9	7%	34	27%	38	30%	41	33%	4	3%	126	2.98	1.008
	Standards/Criteria used to measure performance	**Aggregate Mean**										**128**	**3.03**	**1.079**

Source: Own Survey, 2019

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As shown in table 4.5 on Standards/Criteria used to Measure Performance, the researcher used to measure how the standards or criteria of PA being used at ERA, AMBTTTC to measure the employees performance, and the respondents were asked to comment to the statement "The performance criteria used to measure the performance are clearly defined and objective" and the majorities of the respondents 48(36.9%) were replied a disagreement and 48(36.9%) agreement and the rest of the respondents 34(26.2%) are indifferent . From this finding along with mean= 2.86 and standard deviation=1.133, this implies that the employees are not clearly aware about the objectivity of PA at ERA, AMBTTTC.

It can be observed from the table 4.5 above, the Researcher asks the respondents whether the "PA Formats are Easy simple and Practicable" and the majorities of the respondents 54(43.5%) were replied with disagreement the format is not clear and not practical. The other 44 (35.5%) agree and the rest 26(21%) are indiffere. On top of this, with mean 3.12 and standard deviation = 1.094 this shows that the ERA, AMBTTTC PA format is not simple and easy to practice.

However the HR representative thinks that the performance appraisal format is simple and practicable, but the reality tells us it's difficult to understand by the employees.

The other thing Regarding the Standard or the criteria of PA were asked to the respondent is "the acceptability of employees to PA to Measure the capability of their true performance" offered by ERA, AMBTTTC accordingly majorities of the respondents 64(49.2%) disagreement level that the measurement is not capable of measuring their true Performance and 46(35.4%) agreed while 20(15.4%) are indifferent. On top of this, with mean 2.8 and standard deviation 1.151 this implies that the performance evaluation criteria used in ERA, AMBTTTC organization are not capable of measuring true performance of the employees.

On the other hand for sensitivity or to distinguish between the performance level of the ERA,AMBTTTC employees the Forms that are used for Performance Evaluation capable to evaluate and give a difference between employees capability and the majorities of the respondents 47 (36.7%) agreed and 44(34.4%) disagrees while the rest of the respondent 37(28.9%) are indifferent.

Therefore, with mean 3.05 and standard deviation of 1.034, it can be said that majority respondents the performance evaluation form used to evaluate performance is capable of distinguishing effective performers from ineffective performers (Sensitivity).

It can be shown on above table 4.4 the respondent were asked to comment for "The performance evaluation form used to evaluate performance is designed based on job description" Accordingly of the respondents 64(50%) is in disagreement level and 44(34.4%) are agreed for this issues while the rest of 20(15.6%) are indifference. With majority of responses along with mean 2.77 and standard deviation of 1.126, the finding indicates that the evaluation form is not designed based on the job description of the employees thus the result shows that the forms used to evaluate ERA, AMBTTTC employees are not evaluated using a designed job Based PA Practices.

In addition to that the interview conducted with human resource management officials, they were expressed that there is no a policy for customizing job basing on the characteristics of jobs in their organizations. As a result no practice of customizing employee's appraisal to the characteristics of their jobs as there is only one form standardized to all jobs. As all subordinate employees' response in the above table, and human resource officials, it is possible to conclude that there is no practice of customizing employee's performance appraisal forms to the characteristics of employee's jobs, even if some respondents believe in its existence.

Regarding the changes needs to be performed on the PA forms that is a questions raised by the researcher if it is needed or not , with mean=3.63 and standard deviation of 1.011 the majorities 80(62.5 %) of the respondents are Agreed on that the organization need to changes its evaluation form and the other 20(15.6 %) of the respondents disagreed while the rest 28(21.9%) are indifferent thus this implies that the organization needs to make certain adjustments to the existing performance appraisal criteria/ form. According to the interview the HR officials has also expressed their agreement on the need to make certain adjustments to the existing performance appraisal system of the organization that should be related to job description.

Lastly the researcher were asked the respondents whether the HR or the rater keeps a file on what is being done during the PA Period to evaluate the employees performance for the future Evaluation.

Accordingly, with mean 2.98 and standard deviation 1.008 the Majorities of 45(35.7%) are in agreement level response and 43(34.1%) of the respondents disagreement level response while the rest 38(30.2%) of the respondents are indifferent. For as shown in the table the evaluation results are kept as a record for a future use at ERA, AMBTTTC.

As observed in table above, the overall mean result of the seven statements regarding standards/criteria used to measure performance that employees are 3.03 and the standard deviation 1.079. When the mean value is compared with mean score comparison basis from table 4.2a it is between 2.6.1-3.4. The obtained mean score is moderate and this implies that respondents have a moderate level of opinion towards the entire purpose of performance appraisal.

However the criteria that explained by HR at the time of interview, the Company put in place standard performance appraisal criteria, formats and guidelines for implementation. The employee performance appraisal criteria include both job related performance and personal qualities of the employee required by the organization. The criteria scales require an evaluator to indicate on a scale the degree to which an employee demonstrates a particular behavior and performance result. Rating forms are composed of a number behavioral trait (40%) and BSC 60% (outcome based) criteria that may or may not directly related to a certain job performance, responsibility, or quality of work. Each scale is a continuum of scale points, which range from high to low, from good to poor, from most to least effective.

4.2.5. The satisfaction of employees with the performance appraisal process

Table 4.6: the satisfaction of employees with the performance appraisal process

	Satisfaction of employees with performance appraisal process												**Mean**	**S.D**
	Agreement level	**1**		**2**		**3**		**4**		**5**				
NO	Satisfaction of employees with PA process	F	%	F	%	F	%	F	%	F	%	total		
1	I am satisfied with the feedback aspect of PA system.	9	8%	33	30%	24	22%	34	31%	11	10%	111	3.05	1.155
2	I am satisfied with the way the PA system is used to evaluate and rate my performance.	11	10%	37	35%	37	35%	16	15%	4	4%	105	2.67	.987
3	I am satisfied with the appeal process of the PA system.	14	13%	30	27%	39	35%	26	23%	2	2%	111	2.75	1.013
4	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.	22	17%	38	30%	18	14%	33	26%	15	12%	126	3.19	1.224
5	In my opinion the skilled person (supervisor) evaluates my performance.	8	8%	25	26%	21	21%	28	29%	16	16%	98	2.85	1.315
	Employees satisfaction	**Aggregate mean**										**110.2**	**2.90**	**1.139**

Source: Own Survey, 2019

From item 1 of table 4.6 above, the respondents were asked to express their level of agreement on the statement to assess and measure satisfaction level of the employees of ERA, AMBTTTC the researcher asks the respondent if they are satisfied with "the feedback aspect of Performance Appraisal"

Accordingly, the majorities of 45(40.5%) of the respondents are in agreement level of response toward satisfaction to the feedback response from PA. While 42(37.8%) of the respondents are in disagreement level and the rest of 24(21.6%) of the respondents are neutral. From this finding along with mean 3.05 and standard deviation=1.155, this implies that the employees are satisfied the feedback aspect of the system.

Moreover as can be observed from item 2 of the table, the respondents were requested to comment weather the way performance appraisal system evaluate and rate the employees of ERA, AMBTTTC are satisfied. To this end, majorities 48 (45.7 %) of the respondents are in disagreement level that the system that evaluate and rate their performance is not give them a comfort, 20(19%) of the respondents are in agreement and the rest of 37(35.2%) of the respondents are in neutral. With majority of responses along with mean 2.67 and standard deviation of 0.987 thus the result shows that the evaluation and rating respondents have a moderate level of feeling towards the entire satisfaction of performance appraisal.

On other hands, as shown from table 4.6 above, the respondents were asked to express their level of agreement on the statement "I am satisfied with the appeal process of the performance appraisal system". Accordingly the majorities 44(39.6%) of respondents reply disagreement response that there is no appeal process in the organization. while 39 (35.1%) are neutral for this mater and the rest 28 (25.2%) of them answer agreement with the stated ideas. Also with majority of responses along with mean 2.75 and standard deviation of 1.013, this reveals that ERA, AMBTTTC Employees have less satisfaction level with the appeal process of the performance appraisal system.

Furthermore, it can be observed from table 4.6 above, the respondents were asked to express their level of agreement on the statement "AMBTTTC employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance". Accordingly, 60(47.6%) the respondents suggest disagreement opinion that they did not get the chance to design the evaluation process.

While about 18(14.3%) of them being neutral and 48 (38.1%) of the respondents express agreement with the stated idea. With majority of responses along with mean 3.19 and standard deviation of 1.224, the finding indicates that the evaluation form is not designed with the participation of employees. Thus the result shows that the design processes do not include employees of ERA, AMBTTTC. This shows that ERA, AMBTTTC didn't give a chance to its employees to participate in designing of the PA. The human recourse department also confirmed that there is no such opportunity in the organization.

Lastly from the given listed items to measure the satisfaction of employees with the PA, the respondents were asked to express their level of agreement on the statement issue of their opinion on the "skilled person (supervisor) evaluates their performance". Accordingly, majorities of 44(44.9%) of respondents answer agreement response that they have a positive feeling for their supervisor. while 30(24.6%) neutral level response and 33(33.7%) of them reply disagreement opinion. From this finding along with mean= 2.85 and standard deviation=1.315, this implies that the employees have a positive views to their supervisors and comfortable with the skilled person (supervisor) evaluates their performance

4.2.6. Problems or challenges in performance evaluation process

Based on the complaints raised in statement of the problem part of this paper, some of the common judgmental errors and presence of poor appraisal forms were checked in ERA, AMBTTTC and the results are summarized as follows:

Table 4.7: Problems' or challenges in PA process in the organization

| No | Problems in performance evaluation process | Agreement level | | | | | | | | | | Total | Mean | S.D |
| | | 1 | | 2 | | 3 | | 4 | | 5 | | | | |
		F	%	F	%	F	%	F	%	F	%			
1	The performance evaluation system/ process/ is linked with Rewards.	16	13%	38	32%	28	23%	23	19%	15	13%	120	2.64	1.085
2	The evaluator gives high or low rating based on the mental picture of rater about the sex, age, religion and like (Stereotyping).	20	16%	32	25%	21	16%	29	23%	26	20%	128	2.63	1.093
3	In the company pre-decide the highest rating (scale) score and benchmark.	7	5%	40	31%	33	26%	42	33%	6	5%	128	2.98	.967
4	To avoid the awkward (conflict) situation the evaluator will rate employees by giving high or low level to all subordinate (Leniency).	18	16%	35	30%	15	13%	24	21%	23	20%	115	2.87	1.098
5	The evaluator is influenced by personal liking and disliking when evaluating performance (similar to me).	7	6%	26	21%	29	23%	56	45%	7	6%	125	3.24	1.027
6	Current performance of the employee is evaluated based on the past performance by assuming good.	8	6%	31	24%	23	18%	52	41%	13	10%	127	3.24	1.125
7	The rater has a tendency to focus too much on recent happenings and experiences.	2	2%	24	19%	38	30%	54	43%	8	6%	126	3.33	.912
8	I observe that most of the time the rater is impressed by one or two specific performance (halo/horn) effect.	4	3%	23	18%	37	29%	53	42%	9	7%	126	3.32	.960
9	The evaluator makes an assessment based on the employees' first impression which may be positive or negative (First Impression or Primacy Effect).	7	6%	27	21%	38	30%	48	38%	6	5%	126	3.15	.997
10	The rater gives average score to all subordinates in order to avoid opposition and rivalries.	13	10%	19	15%	35	28%	47	38%	11	9%	125	3.19	1.127
	Problems in performance evaluation process	**Aggregate Mean**										125	3.06	1.039

It can be observed from item 1 of table 4.7 above, the respondents were asked to express their level of agreement on the statement "The performance evaluation system/ process/ is linked with Rewards". Accordingly majorities of 54(45%) of the respondents shows a disagreement level that the evaluation process is not linked with any rewards that may motivate the employees and 28(23.3%) of indifferent response to this issues. While the rest of 38(31.7%) are in positive agreement that the PA has a linkage with the rewards. Thus it can be concluded form the findings with a mean value 2.64 and standard deviation 1.085 of respondents from the result, it reveals that at AMBTTTC the PA has no, linkage with the rewards. This non reward performance appraisal practice is the most concerned issues for the future, but for now there is no rewards related to performance as HRD confirmed.

It can be seen from item 2 of table 4.7 above, the respondents were asked to express their level of agreement on the statement that other problems that the researchers asks the respondents that whether "The evaluator gives high or low rating based on the mental picture of rater about the sex, age, religion in general term it is called stereotyping". Accordingly, majorities of the respondents 55(43%) are in agreement level towards or for the existence of difference based on the mental picture of rater about the sex, age, for the evaluation reasons on the other hand 52(40.6%) disagreed with this issues that there is no such thing in the organization while the rest of 21(16.4%) of respondents are indifferent. Again From this finding along with mean 2.63 and standard deviation 1.093 this implies that at AMBTTTC performance appraisal is challenged by stereotyping.

Furthermore, the respondents were asked to express their level of agreement on the statement "pre-decide the highest rating (scale) score and benchmark the subordinates against this highest score (strictness)", were asked to the respondents and the majorities of 48(37.5%) respondents are in agreement for this kind of problems mine happen at the organization and the other 47(36.7%) are in disagreement while the rest of 33 (25.8%) are indifferent accordingly, a mean value of 2.98 and standard deviation of 0.967 thus the result shows on the table that there is a pre-decided to rate for the subordinates.

It can be shown from table 4.7 above, the respondents were asked to express their level of agreement on the statement "To avoid the awkward (conflict) situation the evaluator will rate employees by giving high or low level to all subordinate (Leniency)". Accordingly the majorities of 53 (46.1%) in disagreement that even though there occurred awkward moments the supervisors did not give high or low rate to the subordinates and 47(40.9) of the respondents were agreed that in awkward moment the evaluator's may give the appropriate scores for the employees while the rest of 15(13%) are indifferent this implies with for the a mean value of 2.87 and standard deviation=1.098 indicates an average response of disagreement. Majorities of the employees of AMBTTTC the evaluators whether it is awkward moment or not the result is not changed to them.

Similarly the researcher assess the respondents to comment on whether, The evaluator is influenced by personal liking and disliking when evaluating performance, as shown from the table the majorities of 63(50.4%) respondents are in agreement level and 33(26.4%) of the respondents in disagreement level while 29(23.2%) are indifferent Also the mean value 2.87 and standard deviation 1.098 of respondents also signifies that respondents were agree with the idea. From the responses a large number of respondents have agreement level opinions. This implies that at AMBTTTC the evaluator is influenced by personal liking and disliking when evaluating performance. According to the information acquired from human resource department heads through interview conducted, the degree of liking and disliking while appraising employees performance may vary from department to department or from supervisor to supervisor, however this type of biases can exist in the organization regardless of the degree of its existence low or high.

The data analyzed and presented in table 4.7 above can be seen that for the assessment measurers of the problems with the PA can whether "the Current performance of the employee is evaluated based on the past performance by assuming good performer in the past are still good and the bad performance in the past are still bad performer in general term Spillover effect". Accordingly majorities of 65(51.2%) are in agreement level and 39(30.7%) disagreement. Also the mean value 3.24 and standard deviation 1.125 of respondents also signifies that respondents were agree with the idea.

From the responses a large number of respondents have an agreement that if once in the past are good he may still good and the bad performance in the past are still bad performer in general term Spillover effect. While the rest of 23(18.1%) are in different this implies that the PA at AMBTTTC are based on the past experience of the employees .

The researcher assesses the respondents the rater has a tendency to focus too much on recent happenings and experiences about employees behavior or performance (Recency). As shown from the table 4.7 the majorities of 62(49.2%) respondents are in agreement level and 26(20.6%) of the respondents in disagreement level while 38(30.2%) are indifferent. Also the mean value 3.33 and standard deviation 0.912 of respondents also signifies that respondents were agree with the idea. From the responses a large number of respondents have positive agreement. This implies that at AMBTTTC the rater has a tendency to focus too much on recent happenings and experiences about employee's behavior or performance.

As it can be seen from the table 4.7 above, 62(49.2%) of the respondents reply agreement answer with the item that "most of the time the rater is impressed by one or two specific performance of the employee (halo/horns)". while 27(21.4%) of them express disagreement and rest 37(29.4 %) of respondents being neutral. Also a mean value 3.32 and standard deviation 0.960 of respondents also signifies that respondents were agreeing with the idea. From the responses a large number of respondents have positive agreement. This depicts that in AMBTTTC the rater is impressed by one or two specific performance of the employee (halo/horns).

Furthermore, majority of the respondents 54(42.9%) answer agreement response with statements of, The evaluator makes an assessment based on the employees first impression which may be positive or negative (First Impression or Primacy Effect)., whereas about 38(30.2%) of them being neutral and 34(27%) are suggested disagreement opinion. Also the mean value 3.15 and standard deviation 0.997 of respondents also signifies that respondents were agree with the idea. From the responses a large number of respondents have positive agreement. This indicates that the evaluator makes an assessment based on the employee's first impression which may be positive or negative (First Impression or Primacy Effect).

The extent of agreement regarding the statement that explains the rater gives average score to all subordinates in order to avoid opposition and rivalries among them (Central Tendency) approximately 58(46.4%). The respondents explained disagreement idea whereas 35(28%) being neutral and the rest 32(25.6%) are replied disagreement. Also the mean value 3.19 and standard deviation 1.127 of respondents also signifies that respondents were agree with the idea. From the responses a large number of respondents have positive agreement.

To sum up, the items mentioned in the establishing performance standard, the grand mean value of 3.06 and standard deviation of 1.039 signifies that respondents 'reaction for the variables are in the range of disagreement. This indicates Problems or challenges in performance evaluation process are exists in the organization thus an employee evaluation can be used as a way to determine if the employees should receive a raise or to provide them with feedback. If there the organizations conducts performance evaluations or are considering implementing an evaluation process.

CHAPTER FIVE

SUMMARY OF THE MAJOR FINDINGS, CONCLUSION AND RECOMENDATIONS

In the previous chapter, analysis and interpretation of the study was made based on the data obtained through questionnaire distributed to and an interview conducted with the HR head of ERA. Based on the analysis and interpretation, Major findings, conclusion and recommendations of the study were made as follows.

5.1. Summary of Major Findings

I. Application of performance appraisal process

❖ As revealed by the respondents of this study have indicated that (43%) the PA practice didn't help them to improve their performance and the respondents believe that the process was not clear to all employees of AMBTTTC. Thus, they are not provided with the required feedback on how to improve their weaknesses.

❖ The majority of the respondent (41%) thinks there is a shortage or difficulty of feedback and discussion between employers and employees in the appraisal meeting. The employees of AMBTTTC expect that the information generated through PA practice will be used as feedback for the subordinates.

❖ From this study it has been found that, the majority of the respondent (38%) disagreed performance appraisal based decision is used to motivate subordinate through recognition and support.

❖ The most (51%) of respondents disagreed, a procedure to appeal if PA is biased or inaccurate.

II. The purpose of performance appraisal

❖ As revealed by majority of the respondents (52%) of employees know the purpose of performance appraisal, but human resource official says they don't think the employees knew very well, as there was no training given to them, and they did not believe what they knew from informal communication among their friends was adequate as PA is a broad term.

❖ From this study it has been found that (73%) of AMBTTTC respondents opinion is the performance evaluation is not fair and objective this implies that the PA has no influence for the employees to achieve the organization objective.

❖ Most of the respondents (52%) have indicated even though the employees who have a good performance would have to get bones and salary adjustment but here in this research employee of AMBTTTC the PA has no impact on the benefits of the employees like bones and salary.

❖ The study depicted that the employees (52%) in disagreement level the information generated through performance evaluation is used to know the skill gap and providing training to improve their performance and develop their respective potential. On the other hand, the information generated through the performance evaluation process is helping the supervisors of AMBTTTC to make a decision on employee promotion or demotion decision, the majority of the respondents are in disagreement level

III.   **Standards/Criteria's Used to Measure the Performance**

❖ At ERA, AMBTTTC the performance criteria/instrument used to measure performance appraisal are not clearly defined and objective.

❖ The Majority (45.5) of the respondents of this study has agreed that the ERA performance appraisal formats are not simple and practicable (Practicality).

❖ The PA criteria used to measure the employee performance is not acceptable by (50%) of the employees.

❖ Most of the respondents (50%) have also expressed that the performance rating practice of the ERA is not based on the requirements derived from the job description of the employee (Relevance).

❖ Majorities of the respondents (43%) have also expressed their rejection of the performance appraisal system of the organization and the HR officials is expressed their agreement on the need to make certain adjustments to the existing performance appraisal system of the organization.

IV.   **Satisfaction of Employees with Performance Appraisal**

❖ The employees (40%) of AMBTTC have satisfied with the feedback aspect of performance appraisal system, however (45%) of respondents are not satisfied with the PA evaluation and rating process.

❖ The way PA has been used and evaluate their performance however the employees were ambiguous about the skills of the supervisors when evaluating their performance.

❖ The majority respondents (47%) indicated that AMBTTTC have not give the chance to design the performance evaluation form it would have been helping the organization for making it relevance or according to their job descriptions.

V.   Challenges of PA in the Evaluation Process

➢ As confirmed by majority of the respondents (45%) the performance appraisal practice of the organization has no linked with rewards that would be a good motivation for the employees to work hard for the organization.

➢ As confirmed by (43%) of respondents the evaluator gives high or low rating based on the mental picture of employees to mention some of them are e sex, age, and religion (Stereotyping).

➢ The response from the mass of the respondents (50%) have indicated the presence of the evaluator also favors an employee by liking and disliking of an individual assumption this can affect other employees.

➢ The study depicted that the respondent (51%) of employee agreed on the issue of current performance of the employee is evaluated based on past performance by assuming good performers in the past are still good and vice versa (Spillover effect).On this the supervisors not now the current performance of the employees.

➢ Most of the respondents (42%) have indicated the presence of the first impression or primacy effect in which the evaluator makes an assessment based on the employees first impression which may be negative or positive (Primacy effect).

5.2. Conclusions

The main objective of this study was to assess the performance appraisal practice of ERA, AMBTTTC by investigating the process and purpose, looking the major problems and the extent of employee satisfaction on the performance appraisal practice of the Organization. The appraisal system of the organization, even if the system is well communicated to employees, it has a difficulty of feedback and discussion between employers and employees about the performance appraisal. Because of this the employees are not allowed to see their evaluation result. In order to get satisfactory performance assessment results, the employees must create intimacy with their bosses. It is a biased and subjective assessment system that does not motivate and does not evaluate the accurate employees performance. It is the traditional one which is emphasizing on the rating of the individual's personality traits, such as initiative, potentiality, integrity, creativity rather than achievement. And those employees who are weak in their performance are not selected for training. As indicated in the literature review of the study there is six steps were listed down for developing a systematic performance appraisal process. While checking the presence of these steps in the organization, it is found that the appraisal system doesn't follow these six steps of PA process. There is no opportunity for the ratees' to appeal, the performance result if it found inaccurate.

Supervisors of AMBTTTC use employees performance evaluations for penalizing those employees they do not like and do not express the goals and targets of employees performance evaluation. Also, it is not used for bonus or salary increments as well as for promotion and demotion of employees. There is no ways to provide training based on the assessment result of employees to improve their performance and develop their respective potential. Employees of AMBTTTC do not clearly know the purpose of employees performance assessment and they are dissatisfied with the system. Additionally the supervisors also do not possess adequate knowledge to conduct employees performance appraisal.

The organization is using the same performance appraisal criteria to all clerical and non clerical employees for several years without and also the criteria of evaluation are not developed based on the job description of employees, Job analysis is a systematic process of determining the skill and knowledge required for performing jobs.

It reveals the major tasks, duties and responsibilities, the relationship of a job to other jobs, the skill and knowledge required for each job, the outcomes that are expected and working conditions. Even if the criteria/standards have sensitivity; it lacks relevancy, practicality and acceptability by the employees.

ERA, AMBTTTC performance appraisal system is found to have judgmental errors like Halo/Horn effect, first impression or primacy effect, central tendency, spillover effect, strictness or leniency. Moreover, the performance evaluation and decision of the organization are highly influenced by interpersonal relationships. Analysis of the questionnaires designed using likert scale and the closed ended questions shown that performance appraisal are done simply to fulfill formalities, and hence no subsequent action is taken after the evaluation is over. All these points lead us to a conclusion that the employees perceived that the performance appraisal practice of the organization is not clearly defined and objective. Generally, the findings of the study shows a lack of sound performance appraisal system, biased and unfair assessment practices in AMBTTTC. Hence, the researcher would like to make the following recommendations.

5.3 Recommendations

In light of the study, the current employees Performance Appraisal Practice of AMBTTTC have a gap. So it is important to look for solutions to improve the existing situation because the performance of the organization is dependent on the total performance of its members. Concerning this, the following is recommended:

❖ The organization is advised to design objective employees performance assessment practices that enable it to distinguish weak performers from strong ones in order to train the weaker employees and to make them strong performers. The existing employee performance evaluation form must be changed with a new one which is correctly weighs the employees output and by adding technical requirements make to be aligned with the job description of employees so as to get acceptance on the employees as well as to ensure the effectiveness of the performance appraisal system of the organization.

❖ The organization needs to formulate a clear performance appraisal system that promotes outstanding performances and to weed out low performers as well as develop a modern performance evaluation system like management by objectives which focuses its attention on an individual's goal setting, that are tangible, verifiable and measurable. It must be a sound assessment system that evaluates employee's competency and their outputs.

❖ In addition to making the criteria of performance appraisal based on the job description, it will also be better to avoid the subjective criteria so that the performance appraisal will be based on the quality and quantity of the employees' work and will also minimize the influence of interpersonal relationship on performance appraisal. Furthermore, Human Resource Management creates awareness for Supervisors and employees in order to know the Purpose and advantage of employee's performance appraisal clearly.

❖ It will be better; the appraisal system can be participatory that employees will be allowed to see their evaluation and comment on it. The evaluation result needs to be clearly discussed among the raters and rates. It is also needed to provide feedback to the employees as this serves as a vehicle for personals and career development and help to achieve organizational goals.

❖ It is better to participate the employees at the time of developing the appraisal system from the beginning of establishment of evaluation/standards (development of appraisal format). Because, if the employees are confident in the fairness of the appraisal process, they are more like to accept performance ratings, even adverse one, if they perceive a fair decision making process.

❖ It will be better the appraisal system is developed in a way that it can enhance trust, transparency, discussion and open communication between the appraiser and appraise that enable appraisers and appraise to have a mutual understanding of the nature, purpose, methods and problems of the appraisal.

5.4 Limitation of the study

It is quite known that any study is not absolutely free from limitations. Due to limitation of time and resources, the report may not be detail. In addition because of inaccessibility of the required data from the company it may not cover explicitly all areas of performance appraisal. The other limitation of this project is that the findings are based on sample and thus the sample may not be representative of the total population.

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Appendix A

Questionnaire Distributed to Respondents
St. Mary's University
School of Graduate Studies
Master of Business Administration
(MBA)

Questionnaire for Respondent

Dear participant,

I am an MBA graduate student at St. Mary's University School of Graduate Studies and I am collecting data for my thesis. The Purpose of this questionnaire is to collect primary data for conducting a study on the topic, *"Assessment of Employees performance appraisal practice and challenges; in the case of Ethiopian Road Authority, Alemgena machine based technology Training and testing center Branch."*

In this regard I kindly request you to provide me reliable information that is the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you the information you provide will be used only for the purpose of the study and will be kept strictly confidential. And I would like to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time in filling this questionnaire.

General Instructions

❖ There is no need of writing your name

❖ In all cases where answer options are available please **tick (X)** in the appropriate box.

Thank you in advance for your kind cooperation.

Part I. Personal Details

1. Gender   Female ☐   Male ☐

2. Age   below 25 ☐   25-35 ☐   36-45 ☐   46-55 ☐   Above 55 ☐

3. Educational Background   High School complete ☐   Level complete ☐

   Diploma complete ☐   First Degree complete ☐   Masters Degree complete ☐   above ☐

4. Year of Experience (in present organization)   1-4 ☐   5-10 ☐   11-15 ☐   16-20 ☐

        21-25 ☐   Above 26 ☐

Part II. Questions Related to the Practices of Performance Evaluation

Listed below are statements about the practices of Employee performance Evaluation in your organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable assess what you think about the practices of performance evaluation in your organization.

Please read each statement in this part carefully and show the extend of your agreement on the statements by put "X" mark in the boxes using the following rating scales (likert scales): Strongly agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) = 2, and strongly disagree (SA) = 1.

S.N	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	**Application of performance appraisal process**					
1.1.	I know the existence of performance appraisal in the organization.					
1.2.	The performance evaluation in ERA has helped me to improve my job performance.					

1.3.	The performance evaluation process made clear to all employees.					
1.4.	The company (Rater) clearly explains the standards that will be used to evaluate employees.					
1.5.	There is feedback and discussion between employers and employees in the appraisal meeting.					
1.6.	Information generated through performance evaluation is used to give feedback to subordinates, so that they know where they stand.					
1.7.	Information generated through performance evaluation is used as a basis to warn subordinates about unsatisfactory performance and helps supervisors make discharge or retention decision.					
1.8.	Information generated through performance evaluation is used to motivate subordinates through recognition and support.					
1.9.	I can challenge a performance rating if I think it is unfair.					
1.10	There is a procedure to appeal a performance rating that I think it is biased or inaccurate.					
2.	**Purpose of Performance Appraisal Practice**					
2.1.	I know the purpose of performance appraisal in the organization.					
2.2.	Performance evaluation system in the company can serve its purpose.					
2.3.	In my opinion, the performance evaluation system is fair and objective.					
2.4.	Information generated through performance evaluation is used to determine bonus payment /salary adjustment/ decisions.					
2.5.	Information generated through performance evaluation is used to know the skill gap and providing a training to improve their performance and develop their respective potential.					
2.6.	Information generated through performance evaluation is designed to strengthen the relationship between supervisions and subordinates.					

S.N	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.7.	Information generated through performance evaluation is used to determine promotion or demotion decisions.					
2.8.	Information generated through performance evaluation is used to diagnosis/ maintain/both organizational and individual problems based on performance results.					
3	**Standards/Criteria used to measure performance**					
3.1.	The performance criteria/instrument used to measure my performance are clearly defined and objective.					
3.2.	The performance appraisal formats are simple and practicable (practicality).					
3.3.	The performance evaluation criteria used in the organization is capable of measuring my true performance (Acceptability).					
3.4.	In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers (Sensitivity).					
3.5.	The performance evaluation form used to evaluate my performance is designed based on my job description (Relevance).					
3.6.	The company needs to make certain adjustments to the existing performance appraisal criteria/form.					
3.7.	The rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.					
4.	**Satisfaction of employees with performance appraisal process**					
4.1.	I am satisfied with the feedback aspect of performance appraisal system.					
4.2.	I am satisfied with the way the PA system is used to evaluate and rate my performance.					
4.3.	I am satisfied with the appeal process of the performance					

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	appraisal system.					
4.5.	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
4.6.	In my opinion the skilled person (supervisor) evaluates my performance.					
5.	**Problems/challenges/ in performance evaluation process**					
5.1.	The performance evaluation system/ process/ is linked with Rewards.					

S.N	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5.2.	The evaluator gives high or low rating based on the mental picture of rater about the sex, age, religion and like (Stereotyping).					
5.3.	In the company pre-decide the highest rating (scale) score and benchmark the subordinates against this highest score (strictness).					
5.4.	To avoid the awkward (conflict) situation the evaluator will rate employees by giving high or low level to all subordinate (Leniency).					
5.5.	The evaluator is influenced by personal liking and disliking when evaluating performance (similar to me).					
5.6.	Current performance of the employee is evaluated based on the past performance by assuming good performer in the past are still good and the bad performance in the past are still bad performer (Spillover effect).					
5.7.	The rater has a tendency to focus too much on recent happenings and experiences about employees behavior or performance (Recency).					

5.8.	I observe that most of the time the rater is impressed by one or two specific performance of the employee (halo/horns).					
5.9.	The evaluator makes an assessment based on the employees first impression which may be positive or negative (First Impression or Primacy Effect).					
5.10.	The rater gives average score to all subordinates in order to avoid opposition and rivalries among them (Central Tendency).					

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Appendix B

Interview Questions

St. Mary's University

School of Graduate Studies

Master of Business Administration

(MBA)

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Interview Questions for the Human Resource Personnel

1. Can you please describe the performance appraisal practices of your organization?
2. What is the objective of Performance appraisals are as stated in the policy manual?
3. Do you think that the performance evaluation system of your organization is serving its purpose?
4. Do you think that the performance evaluation system differentiates effective performers from non-effective performers?
5. What are the requirements (knowledge, experience, and training) to be assigned as a rater? Do you think the raters have the required knowledge, experience and training that is necessary to rate the performance of employees?
6. Do you think the techniques applied are capable of accurately rating the performance of employees? If not what solutions do you suggest?
7. If there is a goal setting process, are employees involved in the process?
8. Is there a need to adjust or else totally change the process?
9. Finally, is there any think that you want to comment about the performance appraisal system of your organization?