INDRA GANDHI NATIONAL OPEN UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF EMPLOYEE'S PERFORMANCE APPRAISAL

PRACTICE: THE CASE OF COMMERCIAL NOMMINEES

PRIVATE LIMITED COMPANY

BY

MESFIN TESHOME GELGAY

NOVEMBER, 2019

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ADVISOR : - (PHD) DR. BUSHA TEMESGEN

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Declaration

I hereby declare that the dissertation entitled ASSESSMENT OF EMPLOYEE'S PERFORMANCE APPRAISAL PRACTICE: THE CASE OF COMMERCIAL NOMMINEES PRIVATE LIMITED COMPANY. Submitted by me for the partial fulfillment of the requirements for the degree of master of business administration to Indra Gandhi National Open University, (IGNOU) New Delhi.is my own original work and has not been submitted earlier, either IGNOU or to any other institution for the fulfillment of the requirement for any other programs of study. I also declare that no chapter of this manuscript in whole and in part is lifted and incorporated in this report from earlier work done by me or others.

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CERTIFICATE

This is to certify that Mr.MesfinTeshomeGelgay student of Master of Business Administration from Indira Gandhi National Open University. New Delhi was working under my supervision and guidance for his project work for the course MS-100. His project work entitled ASSESSMENT OF EMPLOYEE'S PERFORMANCE APPRAISAL PRACTICE: THE CASE OF COMMERCIAL NOMMINEES PRIVATE LIMITED COMPANY. Which he is submitting, is his genuine and original work.

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ACRONYMS

BARS: Behaviorally Anchored Rating Scale

CN: Commercial Nominees

E.C: European Calendar

EPA: Employee Performance Appraisal

G .C: Gregorian calendar

HR: Human Resource

HRM: Human Resource Management

Mob: Management by Objective

PA: Performance Appraisal

PAS: Performance Appraisal System

PE: Performance Evaluation

PLC: Private Limited Company

SPSS: Statistical Package for the Social Sciences

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ABSTRACT

Now a day human recourse is the main resource of companies take a competitive advantage therefore, proper management of this resources criterion for the success of an organization. Greater attention of HR managers and decision makers are expected to meet the interests of both employees and employers. As a results employee's Performance and way they are appraised, regular greater attention. The major objective of this study to investigate the effectiveness of the current CN employee PAS; this research has descriptive nature which describes the existing phenomenon as it exists, As a result the researcher has tested the effectiveness by selecting major effectiveness variables and other related concepts. Out of the 40 CN branches 32 branches where PA practices has been carried out for one year and more and 210 employees were considered for the study. Besides, head office employees were part of the study. There are 164 staffs in the head office. Hence, total number of population under consideration is 374.

Managers from branches and Head office were selected purposefully in order to assess their opinion on the PA practice and challenges as raters. Purposive sampling was used with the view that managers would give relevant data that would help in assisting the PA practice of the organization. Others non-managerial employees were selected by simple random method.

Questionnaires were prepared and distributed to 93 employees of the organization. Data was collected from a total 91 from 93 employees for whom questionnaires were distributed. The response rate is 97.8%. Consequently, the finding of the research indicates that the company (CN) PAS is ill formulated in respect to various aspect based on the selected effectiveness variables: it is observed that the PAS is less effective across all the selected work processes.

Therefore, based on the findings the research has recommended that the CN should revisit its employees PAS and tack corrective actions. For instance, alignment of appraisal system with CN's, objective, rewarded policy and development objectives should be maintained .Moreover, the CN should also work a lot on the identified effectiveness variables: objective setting, training, , communication, measurement system, frequency of appraisal, the CN should give emphasis for employees' participation and openness ,transparency and confidentiality of the system to enhance effectiveness of the current PAS.Futuremore the practice entailed need to improve the reliability and consistency, practicality and use of simple format, feedback, responsiveness and commitment aspect.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

There are several important human resource management activities/practices in organizations in order to support the organization's business and achieving the pre- designed vision, mission, core values, strategic business objectives etc.

PA is one of the major activities of HR management and it occurs constantly in both private and public organization. PA is a systematic ways of measuring, reviewing and analyzing employee performance over a period of time and using the information gathered to plan for the employee's future with organization (Aguinis, 2009).

PA should aim at the mutual goals of the employees and the organization. This is essential because employees can develop only when the organization's interests are fulfilled. The organization's main resources are its employees and their interest cannot be neglected. Mutual goals simultaneously provide for growth and development of the organization as well as the human resources.

Conducting PE helps organizations to reward and promote effective performers and identify ineffective performers to developmental program or other personnel actions. According to Rao (1985), a properly designed PAS can help employee understand more about their role and become clear about their functions helping employees to better understanding their strengths and weakness with respect to their role and functions in the organization and identifying the developmental needs of employee.

In addition, it helps to develop mutuality between employees and their supervisors resulting every employee feels happy to work and contribute their maximum to the organization and act as a mechanism for increasing communication between employees and their supervisors. Moreover, it provides an opportunity to each employee for self-reflection and individual goal setting and helps employees internalize the cultural norms and values of the organization.

Furthermore, properly designed PA help to prepare employees for high responsibility in the future by continuously reinforcing the development of the behavior and qualities required for

higher- level positions in the organization, and also creating a positive and healthy climate in the organization and assist in a variety of personnel decisions by periodically generating data regarding each employee.

Therefore, these implies that evaluating employee performance is not simple task because it need the appraiser great knowledge and skill about the nature of the job, the source of information, and the ways of collecting information systematically and analyzing the information etc. proper PE generated and integrated in to the organizations performance management system help the organization to take the necessary action for instance development decision, promotion , demotion and different actions set by the organization administrative manual.

Hence properly designed and conducted PE help organizations and employee to take appropriate action. In the contrary improper designed and conducted PA attributed inaccurate appraisals of employee.

Pursuant to Michel Beer (1987), ineffective PA may result from one or the combination of the following: appraiser bias, lack of knowledge and skills of the appraiser, deficiencies in appraisal format content more of subjective nature and the appraise itself etc. these deficiency also lead to wrong administrative decisions that can affect both the employee and the organization.

Thus, the researcher is trying to assess the practice and the major problems that exist in the CN PLC and show the real purposes of PA conducted in the organization.

1.2 Statement of the Problem

PA may be one of the few times during the year where employee and reviewer typically the employee's supervisor, can sit down and have a lengthily face-to face discussion about all aspects of the job. Thus the appraisal can serve a number of important functions. When it was properly done, the appraisal can offer a large degree of satisfaction for both the employee and the reviewer.

According to Chris Joseph (2009), effective PA provides an opportunity to give feedback as well as receive it. The employee receives important information as to what areas of the job

he/she is performing well and those that need improvement. The reviewer can also receive feedback from the employee that can help and make improvement in the work environment. In addition reviewing PA based on the previously established goals is also a good time to establish new goals. If deficiency are identified during the appraisal the reviewer and employee can work together to establish new goals as well as develop a plan to reach them. Moreover reviewing performance is important for improving communications between the employee and reviewer. And also it can provide key information that can help evaluate recruiting practices.

Assessment of employee's PA practice: The case of CN PLC is the synergetic sum total of the performance of all employees in the organization. This being the fact, employee performance has to be closely planned, coached and appraised by reviewer in order to ensure that it is in line with the interest of organization or not.

However though CN PLC conducts PA periodically, significant number of employees of the organization is not happy with it by complaining that the current PA has many problems. Some of the problems mentioned are most of the PE criteria set are not job related. So, some of the employees have no trust and confidence over the appraisers. They are heard complaining that many appraisers are not free from bias and favoritism and employees evaluated are appraised based on their personality rather than their performance etc. Due to these employees PA didn't confirm the reality.

Thus, in turn, compensation, employee development and promotion etc. are not in line with the philosophical and theoretical concepts. On top of these they said they are not given PA regularly and open discussions with supervisors do not take place which make employee performance related problems explicit and there by enhance organizational productivity by motivating employees to improve their performance.

If these problems persist for longer period without being solved, dissatisfaction will spread among the employees and their motivation towards working will stagger. This also in turn, will definitely slow down and obstacle the organization endeavor of achieving its intended goals. So far to the best of the researcher's knowledge, no study has been conducted to address this issue.

1.3 Research Questions

This research is designed to assess the PAS/ practice of commercial Nominees plc. Accordingly, the study relied on and attempts to respond the following basic research questions.

(1) What the employee's PA practices in the organization looks like in terms of achieving PA goal, reliability and consistency, practicality and use of simple format, regular and routine, level of participation and openness, rewards, feedback, relevance, responsiveness and commitment.

(2) What are the major potential sources of problems in practicing of PA of employees in the organization and extent to its appropriateness to measure performance of employees?

(3) What are the appraisal techniques and instruments/criteria's used to conduct appraisal form measuring performance of the employees?

(4) How the appraisers involved in review of performance appraisal and know how they are skilled and competent to do?

(5) What is reviewer and reviewed perception towards performance appraisal?

1.3 Objective of the Study

This research will be expected to have the following general and specific objectives.

1.3.1   General objectives: The major objectives of the study are to assess PA practice in commercial Nominees plc.

1.3.2   Specific objectives: The specific objectives of this research will be:

➢ To assess what of employees PA practice in the organization looks like in terms of achieving PA goal, reliable and consistent, practical and simple format, rewards and rewards, feedback, relevance and responsiveness and commitment.

➢ To assess the major purposes and potential source of problems of the current practice of employee PE of the organization.

➢ To assess the appraisal techniques, instrument/criteria used to conduct appraisal and what extent it is appropriate to measure performance of employees.

➢ To assess involved in review of PA and know how they are skilled and competent to

➢ To identify the strength and weakness of the current evaluation system.

1.5. Significant of the Study

This research tried to cover the performance appraisal of CN PLC. The findings of this study are significant in various respects. The major benefits of this study are the following. Firstly, it makes piece of contribution to students in the field and practitioner as a reference material to get regarding effective performance appraisal.

Second on the base of the finding of the study, the reports can generate some conclusion and forward recommendation; after identifying the problems of the company PAS and give signal to the HRM of the organization to take the proper action for the future.

Thirdly, it gives the research the opportunity to gain deep knowledge in the practice of problem of PE. Fourth, it helps employees of the organization to know about how they are evaluated and purpose of the PA of the company. Finally the study serves as a criterion for the partial fulfillment of MBA in the field of HRM.

1.6. Scope and Limitation of the Study

The researcher believes that the study will have the following scope and limitation.

1.6.1 Scope of the Study

The scope of this study will be concerned to address the objective of the study, which is to assess the PA practice and challenges at CN PLC. The study is limited to the selected 32 branch offices and head office.

Hence, the data was collected from selected branches and head office employees where PA has been undertaken at least one year and more of service in the organization.

Moreover, this research paper also limited only the PE practice of the CN PLC and will not cover other elements of human resource management activities.

1.6.2. Limitation of the Study

The possible limitations of the research will include some of employees will not volunteer to fill the questionnaire because they are busy of their daily routine. And also,

some respondents will not punctual in returning the questionnaire, the research also faces limitation regarding the finding of reliable data about the topic in the organization and lack of .relevant and update literature will be the major limitation of the study.

1.7. Organizations of the Study

This research will be organized in to five chapters. The first chapter focuses back ground of the study, statement of the problem, basic research questions, objectives of the study, and the significance of the study, scope and limitation of the study.

The second chapter covers the review of literature in the area of the study. The third chapter wills emphasis on the research design and methodology employed by the study. The forth chapter will also present of finding and analysis of data collected. And finally chapter comprises the summary of major findings, conclusions and recommendations.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter focuses on the basic concepts and theoretical framework of the employee PES. Accordingly by the list of topic related in the literature part are the definition, meaning and nature of PA, history of PA, the importance or use of PA, objectives of PA, purpose of PA, basic requirement for effective PA, characteristics of an effective appraisal system, methods of PA and problem in the performance evaluation process etc.

2.2 Definition of PA

PAs defined as, a continuous process of reviewing the employees' performance within a specified period of time for instance may be twice in a year against the set of requirements of an assigned job. The evaluation helps to identify, measure, and develop the performance of the individuals, group and teams (cascio, (2006).

A formal definition of PE by Aswathappa. A (2002), "It is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an employee's job related behaviors and out come to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee organization and society all benefit"

In addition, PA is defined as: "… a periodic evaluation of the output of an individual performance against certain expectation" (Yong, 1996 as cited in Ahmad. R and Ali, N. Azman, 2004).

Moreover, according to Wendell Franch PA is defined as: "the formal, systematic assessment of how well employees are performing their jobs in relation to established standards and the communication of that assessment to employees". Future more, Pursuant to Goyal, R.C (2000), PA is the evaluation of the ability of individuals employee against predetermined standards usually set in the Job description.

The above definitions implies that employee know the criteria stated for the course of the appraisal, appraiser carried out his evaluation and the appraise jointly and the evaluation

depends on the employee ability. Also they give attention for plus point and find out ways and means of overcoming drawback, in any.

In addition, one can easily understand PA provides a systematic way to measuring, reviewing and analyzing employee performance and it including both the qualitative and quantitative aspect of job performance over a period of time and using the information gathered to plan for the employee's future with organization.

And it is helping employees to better understanding their strength and weakness with respect of their role and functions in the organization, and identifying the developmental needs of the employee. It is used to evaluating the performance of all the HRs activities at all levels of organization and of all type.

Moreover PE serves to not evaluating the past rather to predict promotion potential. The system measuring and evaluating the performance through formal structured way of doing, job related behavior. Furthermore, the definition implies that PE process involves observing and evaluating employee members' performance in the work place in relation to pre-design set of standards. PA is a means of measuring or assessing employees' achievements within a stated period of time using reliable measurement criteria with the ultimate goal of providing information to superiors on how to improve employees' effectiveness.

This depicts that PA is used as a means of establishing future goals, monitoring employees' progress based on specified job description, and measuring performance, teamwork and achievements based on specified tasks that can be linked with organizational goals and objectives. PA is used to formally determine employees' effectiveness and contribution (Ikramullah 2011). In essence, PA achieves multiple purposes from measurement to motivation and resource allocation.

PA systems can be used to motivate employees through remuneration, promotions, retrenchment, and the improvement of skills, competence and expertise. In addition, PE can be said to be a process of measuring employees contribution which turns out to be beneficial, both to the staff and the organization at large if carried out properly.

2.3 Meaning and Nature of Employee PA

Appraising performance of individuals, groups and organization is the usual and continuous practice of all societies. While in some instance, these appraisal processes are structured and formally sanctioned, in other instance they are not structured and formally sanctioned rather informal. Social interaction PE is not well planned and often in unsystematic ways. But in organizations, formal programs by evaluating employee and managerial performance conducted in systematic and planned manner Rao , L. (1990)

Pursuant to Mondy, W. (1990), PA is system of periodic review of employees and thus organizational effectiveness. The implication is that if the company is utilizing effectively the ability and capabilities of employees; it must continually evaluate their progress.

In other word, from the above explanation one can infer that PAs is the assessment of individual's performance in a systematic way. And it is also a developmental tool used for all round development of the employees and the organization. The performance is measured against for instance job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility, health etc. Assessment should be confined to past as well as potential performance also.

According to Dickinson and Hgen, (Dickinson and Hgen, 1993 as cited in Emami, 2011), PAs are important part of the organizational life because they can serve a number of functions including setting goals, administering rewards and discipline, solving performance problems, and dismissal.

He further asserts that, therefore, the PAS should: Be correlated with the organizational mission, philosophies and value system; Cover assessment of performance as well as potential for development; Take care of organizational as well as individual needs; and help in creating a clean environment. Linking rewards with achievements; and generating information for growth of the employee as well as of the organization and suggesting. Appropriate person – task matching and career plans

Pursuant to Toppo and Prusty (2012), in their paper entitled to "From PA to performance management "while discussing the historical background of PA they stated that as several sources suggest that formal employee's PA have been started for **early 1900s** at

the first time were invented by Walter Dill Scott as early as World War I. Although possibly the earliest documented use of PA, however, Walter Dill Scatt system was not a widely-recognized concept, and it wasn't until around mid-century that more formal appraisal systems became implemented by a large number of businesses.

Walter Dill Scatt, was credited with coming up with PA. When at the instance of Walter Dill Scatt, the US Army: adopted the "Man – to – Man" rating system for apprising military, personnel. This early employee's appraisal system was called "Merit rating". From the army this concept entered the business field and was restricted to hourly – paid workers. In 1920s, also rational wage structures were adopted for hourly – paid workers in industrial units so as to make rated in comparison one to the others.

During in1940s behavioral methods were developed using a motivational approach. And under these methods all judgments were used to determine the specific levels of performance criteria to specific issues such as customer service and rated in factors such as "excellent", "average", "need to improve" or "poor".

After 1945 onward the above mentioned behavioral methods also developed in to results – oriented approaches and led to the development of management by objective (MBO) Prowse and J. (2009). By the mid-1950s, formal PAs were much more commonly known, with companies using personality-based systems for measuring performance. Towards the end of the 1950s however, unease at these systems began to develop, as not only was there no element of self-appraisal, but the personality-based approach did very little in terms of monitoring performance rather, it monitored the person's inherited personality, instead.

In the 1960s the development of self – appraisal by discussion led to specific time and opportunity for the appraise to evaluate their performance reflectively in the discussion and the interview developed in to a conversation on a range of topics that the appraise needed to discuss in the interview. By the 1960s, there was a much greater focus on self-appraisal, and most PASs were geared more towards looking at what an individual might be able to achieve in the future.

As the 1960s progressed, PAs began to do a better job of actually assessing performance, by focusing more on goals and objectives, and including much more by way of self-appraisal. In other word, in the 1960s, the influence of the management by objectives movement meant that PA developed a greater emphasis on goal-setting and the assessment of performance-related abilities. During the 1970s, there was a lot of criticism about how appraisals were being conducted, and several cases were even taken to court. A lot of this was down to how subjective and opinion-based most appraisal systems were, and so as the 1970s progressed, companies started including a lot more psychometrics and rating scales.

The next 20 years saw an increase in companies focusing on employee motivation and engagement, which led to a more holistic approach to performance management and appraisals. Companies began measuring brand new metrics as part of their appraisal process, such as self-awareness, communication, teamwork, conflict reduction and the ability to handle emotions. Many of these are still very relevant in performance reviews to this day.

In recent years, performance management has evolved even further, with many companies pulling down the traditional hierarchy in favor of more equal working environments. This has led to an increase in performance management systems that seek to the increased use of multi-source, multi-rater feedback methods, more commonly known as 360-degree feedback. The kinds of changes that have overtaken organizations have affected the nature of work itself, and the continuing rate of change means that the definition of what a job is, and what good performance is, are less stable concepts.

Therefore, the above situation revealed that since 1940s, the philosophy of PA has undergone tremendous changes. The common terms used include merit rating, behavioral assessment, employee evaluation, personnel review, staff assessment, and progress report of PA. Redman and snape, 1992, as cited in Toppo and Prusty, (2012).

2.4 Objectives of employee PA

The main objective of PAs is to review employee performance over a certain period of time. There are many important objectives of PAs, as (Dr. P.G. Aquinas, 2003) noted in

his book entitled "Human Resource Management" are:

2.4.1 To keep up records for compensation Decision

PA provides inputs for decision maker to keep up all salary structures, compensation packages of bonuses, allowances etc for the employees on the bases of merit rather for seniority. It remains helpful during effective PA review; and the respective immediate bosses can access to the details information so as to foresee further do able hike in promotion and/ or recompense wise during employee evaluation period. The maintaining of records related to employee appraisal evaluation eventually helps to compare the earlier year's appraisal with the current year.

2.4.2 Training and Development programs

PAs are normally carried out to allow the employees compare their current performance with their manager's expectations and identify gaps in performance that requires training and development. This is the foremost responsibility of every supervisor to keep record of employee's performance so that to access their PA during staff assessment period. This also helps for their future growth and expansion in career as well. Out looking of potential employees and giving those good yearly hikes also boost up their energy level. Appreciating them often with proper announcement of their names does support them in future development as well by identifying the employee's strength and the gaps. Therefore PA helps to facilitate employees to join the suitable training and developmental programs in order to fill the weakness and capitalized the strength.

2.4.3 Providing feedback to employees about their performance

This should be the key objective of every appraiser to regularly and timely give feedback to their employees under his supervision about the assigned job they do such as how they can aware his main performance area, what should be their major targets and how they can achieve them in limited time provided, what else they can contribute to the organization and how the things should take the shape etc. Thus, it also facilitates self-development.

2.4.4 To spots the strengths and weaknesses accurately

This is the boss who could effortlessly spot out the major strengths and weaknesses of their employee after working with them within a short span of time. This is actually needed and essential as well. Because of these things only, supervisors can make out and

test their work according to their yearly performances. Person above you must know about their juniors weak and strong points, as it help them only to classify them accurately. Employers must spot out the strengthening and weakening part of their members of staff, so that it eventually makes them strong if they are lacking somewhere in that sphere.

2.4.5 A foundation for swaying work patterns of employees

PAs serve as a foundation layer for the employer as well as for the employees. It looks up operational model of employees since they are aware of the fact, that after every year their performance will only lead them to the promotion and increment ladder. Ultimately this is one of the major goals that count in. If they are getting appraised by their boss so, such appraisals encourage employees to perform better year by year.

2.4.6 Improve supervision

Establishing regular and timely appraisal system provides the supervisor more chance to see his subordinates. And as result employees understand periodical fill out rating appraisal forms and would be called up on justify their estimation. This lead improve supervision

2.5 Important of Employee PA

Formal PA can be of employee. Employer must recognize that formal appraisal have a high impact on how satisfied, motivated and productive their employees are. Performance, the instrument also serves as a means of conducting further analysis.

According to Dr.P.G Aquinas, (2003), the uses of PAs are: - "It helps the employees to improve his performance. His limitations are easily known and be knows the area that need future improvement. In addition, PA helps in bringing about a close interaction and proper understanding between the superior and the subordinate. Moreover, it could be used as a base for fixation of salary, allowances and incentives. And as it is used to measure the efficiency of an employee, it could be used as a base for identifying training and developmental needs."

2.6 Purposes of Employee PA

The first and most obvious purpose of employee appraisals is to measure employees 'performance. There are potentially many reasons for under taking PA. The main reason for PA is able to employees to use their effort and ability so that organizations achieve their goals and consequently their own goals.

According to Edmonstone, J. (1996), in his article "appraising the state of PA" presented the following list.

2.6.1 Provide continuous feedback: It is essential for the employers to know what performance and achievements have been made by their employees. But, it is also equally important for an employee to know where they stand, where they are going and how they are going to get there. Thus, giving feedback to employees is also a major purpose of PA and it helps the manager and personal specialists to intervene with appropriate actions to improve performance.

2.6.2 Determine training and developmental needs: Only determining weak points is not enough. Appraiser should also make efforts to abolish them. A properly carried out PA is a tool to determine what necessary steps are to be taken in order to help the employees in improving their performance. The increment in skills and knowledge develops an overall personality, attitude and behavior of the employees. And also good performance may indicate untapped potential of individual for future promotion, or for retention or fermentation – all for succession planning purposes that should be developed.

2.6.3 Poor performance may be a symptom of ill- conceived job designs: Appraisals help diagnose those errors designs. Appraisals help diagnose these errors. In other word Identification of the scope for performance improvement and the means to achieve to this.

2.6.4 Identification for Career planning and development: PA works as a mirror to employees and it clearly shows what they are professionally and where they stand. On the other hand, it helps the organization in recognizing employees with potential. Organizations provide career development opportunities to such employees and pave their way to a successful and stable career.

2.6.5 **Decide salary and rewards:** PA of employees helps the supervisors in knowing their job performance and the right amount to pay them. The employees will receive wages as per the contribution they have made for instance many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through PAs.

2.6.6 **Determine promotion and internal placement of employees:** A helps in charting progress of employees. Such charts can be used by the employers to determine whether or not to promote their employees. They also help in identifying the employees who most deserves to be promoted. Promotions transfer and demotions are usually based on past or anticipated performance. Often promotions are reward for past performance.

2.6.7 **Identify area of weakness of employees:** All employees may not be an all-rounder. Some employees may have weak points as well, which if not sorted out in time, might be a liability for the organization. PA helps in identifying such weak points.

2.6.8 **Means of managerial control:** As a powerful means of managerial control, through the setting of objectives in a hierarchical fashion and review of success or failure in achieving these.

2.6.9 **Improve decision making ability:** It becomes easier for the organization to take right decision when it has complete knowledge about what's going on in their company. PA works as a helping hand to the company in making the right decision as it is a source of the company's complete statistical data.

Ikramullah, Shah, Fagir, Hassan and Zaman (2012), on the other hand, argued that increased PASs are being used for purpose of administrative decisions for instance for increment or decrement of salary, promotion or demotion, retention or termination etc and developmental decisions like training of employees, giving appraise with regular performance feedback etc.

Ikramullah et. al. (2012) affirmed that when PA system is perceived as purposeless function, then it loses worth in an organization and termed as vague activity. The system as a formality of appraisal form filling which has no serious implication for their development and rewards. Thus, in PA system an organization appraisal rating must be linked with human

resource decisions, so that users perceive that the system has some utility and it is not a useless ritual of form filling.

2.7. Benefit of Employee PA

If undertaken properly, PA benefits both the employees and the organization a lot.

According to Reza, N. (1997), PA has various benefits and the majors are: PA can have a profound effect on levels of employee motivation and satisfaction for better as well as for worse. PA provides employees with recognition to their work efforts. The power of social recognition as an incentive has been long noted.

In addition it offers an excellent opportunity –perhaps the best that will ever occur for a supervisor and subordinate to recognize and agree upon individual training and development needs. From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. This data may be analyzed by variables such as sex, department etc.

Moreover it provides appraisal data can be used to monitor the success of the organization's recruitment and induction. Practices. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the work force is improving, staying steady, or declining.

Furthermore, through often understanding or even denied, evaluation is a legitimate and major objective of PA. But the need to evaluate or to judge is also an ongoing source of tension, since evaluative and developmental priorities appear. To frequently clash. Yet at its most basic level, PA is the process of examining and evaluating the performance of an individual.

On the other hand, Armstrong, M. (2005) classified benefits of conducting PA into their levels depending on the parties enjoying benefits of the system. These parties are the organization, the supervisor and the subordinate employee whose performance is to be appraised. PA provides benefit for the organization. It provides chance to communicates corporate goals, provides management with decision-making information, provides objective basis for promotions, trainings, builds. Stronger working relationships, improves overall

organizational productivity and provides documentation on promotion policies etc.

For supervisors, also PA give an opportunity for builds management skills, develops and improves rapport with employees, identifies and rewards high performers, identifies performers needing improvement for coaching/training, improves individual employees productivity, identifies general training needs, demonstrates fairness to employees and improves group morale etc.

For employee PA provides many benefits for the employees. Among various it provides recognition for accomplishment, find out how they are doing, allow for two –way communication on goals, encourage taking responsibility for their performance and progress, help set goals and direct efforts, provide opportunities for career development and assure fair individual evaluations etc.

2.8.   **Criteria's of PA**

The criteria or criteria that management chooses to evaluate, when appraising employee performance, will have a major influence on what employees do. Generally, content to be apprised is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organizational objectives (measures) like production, cost saving, return on capital, etc. (Rao and Rao 2004).

Mathis and Jack son (1997) and R.obbins (1998) affirmed that criteria for evaluating job performance can be classified as trait based, behavioral based, or results based.

Traits based criterion identifies a subjective character trait such as "pleasant personality "initiative "or "creativity" and has little to do with the specific job. Such traits tend to be ambiguous, and courts have held that evaluation based on traits such as "adaptability" and "general demeanor" as too vague to use as the basis for performance based human resource decision.

On the other hand, Behaviors based measures observable physical actions and movements. In many cases, it is difficult to identify specific outcomes that can be directly attributable to an employee's actions. This is particularly true of personnel in staff positions and individuals whose work assignments are intrinsically part of a group effort. In the latter case, the group's

performance may be readily evaluated, but the contributor of each group member may be difficult or impossible to identify clearly.

In such instances, it is not unusual for management to evaluate the employee's behavior. Thus a bank clerk may be evaluated on the basis of such behaviors as the quality of his/her customer services, his/her manner of communication with colleagues and customers etc.

The last but is not the list result based indicated that individual task outcome measure job-related results like amount of deposits mobilized number of customers served, number of new accounts opened, and volume of transactions posted, and number of tickets produced etc.If the criteria used focus solely on activities rather than output (result) or a personality traits rather than performance, the evaluation may not be well received (pan and Li, 2006) and (Ivancevich, 2004).

Generally criteria are relevant when they measure employees on the most important aspects of their jobs. Mathis and Jackson (1997) again supplemented that jobs usually, include any duties and tasks, and so measuring performance usually include many duties and tasks, and so measuring performance usually requires more than one dimension. If the performance criteria leave out some important job duties, they are deficient. If some irrelevant criteria are included in the criteria, the criteria are said to be contaminated. Managers use deficient or contaminated criteria for measuring performance much more than they should.

2.9 Essential characteristics of an effective PASs

I am sure all organizations have PAS set up for evaluating employee performances and for their annual appraisals. But have you looked into the PAS that you have implemented is effective or not? We come across a lot of performance management and appraisal systems with varied features and high price tags. Organizations should understand that PASs with varied features is not always effective. Certain characteristics put together will make an effective PAS. A PAS should be attractive as a number of crucial decisions are made on the basis of score of the rating given by the appraiser.

2.9.1. Clear objectives: The objectives of PA should be clear, specific, and timely and open. An effective performance system will always have specific appraisal attributes to match the employee's job description**.** The appraisal system should be fair and beneficial to both the

individual employee and the organization should be linked with other subsystems of personnel management (Dr. P.G. Aquinas, 2003).

2.9.2 Reliable and Valid: Appraisal system should provide consistent, reliable and valid information and date. An appraisal system is said to be reliable when the ratings of two equally qualified and competent appraisers using the same appraisal techniques agree with each other appraisals should also meet the condition of validity that requires appraisal systems to measure what they are supposed to measure. Appraisals should measure what they are supposed to measure. For example, if the objective of appraisal is to show potential of an employee for promotion, it should supply the date relating to potentialities of the employee to that end (Dr. P.G. Aquinas, 2003).

In short, this feature implies an effective PAS provides data that is consistent, reliable and valid. It supplies data according the objective that serves the purpose of PA and succession planning.

2.9.3. Job relatedness: The appraisal system should focus attention on job-related behavior and performance. It should provide information on job related activities and areas (Dr. P.G. Aquinas, 2003).

2.9.4 Performance expectation: "Unless managers clearly explain performance expectation to their subordinates in advance of appraisal period, it is not reasonable to evaluate employees using yardsticks that they know nothing about". Therefore, if appraisal system is to contribute effectively to personnel program, performance expectation should be defined in an understandable manner (Dr. P.G. Aquinas, 2003).

2.9.5 Performance criteria should be well defined: Effective PA has standard appraisal forms, rules and appraisal procedures. It will have well defined performance criteria and standards. In other word, the appraisal form, procedures and rules should be standardized. There should be well-defined performance criteria and standards. Employees should be made fully aware of these standards as appraisal decisions affect all employees of the group (Dr. P.G. Aquinas, 2003).

2.9.6 **Qualified Appraiser:** Responsibility for evaluating employee performance should be assigned to individuals who directly observe at least a representative sample of an

employee's Job performance. However, this does not guarantee the effectiveness of an appraisal system. To carry out accurate appraisal system, the evaluator must be knowledge about the job requirements and performance of employees being. Appraised and to have specific observational skill. In order to ensure effectiveness, therefore, the appraiser must be well trained. (Heneman III, 1980). And also appraisal should not judgmental. It should not be purely control- oriented. The evaluator should also play the role of coach and counselor. He should- help people reach their full potential. The overall purpose of appraisals should be developmental.

2.9.7 Open Communication: Employees have a need to know how they are performing the assigned tasks. A good appraisal system provides needed feedback on a continuous basis permits both parties to discuss about the gaps and prepare themselves for the future; and helps the boss to explain their performance expectation to their subordinates in advance so employees easily learn about the criteria's of job performance and so that they may try to improve their performance (Dr. P.G. Aquinas, 2003).

2.9.8 Employee access to results: The appraisal system should be open and participative. The employees should get information on their performance. The system should involve employees in the goal setting process.

For an employee to perform better; he/she should get access to appraisal results. When employees are not fully informed of the result of the game and are not provided with adequate feedback on their performance, such a situation is uncomfortable at best, and at worst, totally demoralizing and defeating (Monday,1990).

The above statement revealed that, permitting employees to review results allows them to detect any errors that might have been made. Otherwise, the employees disagree with the evaluation and may want to challenge it formally. Or in other word the ratings should be communicated to both the employees and the raters. The appraisal system should be open and participative. The employees should get information on their performance. The system should involve employees in the goal setting process.

2.9.9 Grievance handling: The employee must have a procedure for pursuing their grievance and having them addressed objectively. To his purpose, an appraisal system

requires a formal procedure to be developed to give room to employees to appeal an appraisal result that they consider in fair or unfair (Rao, 1990).

2.9.10 Economical and less time consuming: Effective PASs is designed to be economical and less time consuming to bring maximum benefits (Dr. P.G. Aquinas, 2003).

2.9.11 Post Appraisal Interview: An appraisal system is only as effective as the manager is communications. Hence, a post appraisal talk should be arranged for employees to get feedback from their managers. It also helps the organization to learn about the problems and difficulties the employees might be facing and discover suitable training. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. If they disagree with the evaluation, they can even challenge the same through normal channels. To sum up, from the above mentioned listed characteristics one can easily understand effective PA required to the participation of employees in appraisal systems, if the participants are not adequate skills and knowledge about PA need to trained so as to properly conduct appraisal (Dr. P.G. Aquinas, 2003).

In addition also needs transparent and continuous process for evaluating, and giving feedback to the employee opined that reliable, practical and controllable criteria must be taken into account when selecting performance measures. Reliability in terms of generating consistent results; practical in terms of availability for users; and controllable in form of representing individual behavior Knowledge, skills and abilities, work ethics, personal traits or characteristics and results all can be used to assess performance.

2.10 Employee PA Process

PA is complex, time consuming managerial process. The "PA process consists of three stages: planning, managing, and appraising" according to the Employee PA Program of North Carolina State University. "The planning stage requires a meeting between the employee and his supervisor; this meeting is the foundation of the appraisal process because it outlines job requirements and expectations."

The managing stage requires close monitoring of employees to obtain and record information about the employee's performance. The purpose of the appraising stage is to transform the data into constructive, useful feedback that can improve the employee's

success on the job. The appraising stage also determines what training and development is needed to improve job performance. The basic aim of PA is to make sure that employees are performing the assigned duties effectively so as to realize the purpose of PA organizations should carefully plan appraisal systems and follow a sequence important steps as stated here in below.

2.10.1 Establishing performance standards

The appraisal process begins with the establishment of performance standards. A standard is a value or specific criterion against which actual performance can be compared (Baird, 1990). At the time of designing a job and formulating a job description, performance standard are usually developed for the positions in order to use to fulfill the mission and vision of the organization.

Employee job performance standards are established based on the job description and operational manual etc. Employees are expected to effectively perform the duties stated in the job description. These standards should be clear and not vague and objective enough to be understood and measured. Therefore job description forms the broad criteria against which employees' performance is measured.

2.10.2 Communicating performance is measured

According to werther and Davis (1996), once performance standards are established, it is necessary to communicate these standards/criteria and employees must understand against where their performance is measured. This means it should not be the part of the employees' job to guess that what is expected of them. Unfortunately, too many jobs have vague standards. The problem is compounded when these standards are not communicated to the employees. It is important to note that communication is a two-way street. Written record of standards should exist and employees should be advised of the standards before the apprising occurs. Giving the opportunity for employee to clearly understand the performance standards will enhance their motivation and commitment towards their jobs.

2.10.3 Measuring actual performance

According to Dr. P.G. Aquinas, (2003), the aim of the performance measure is to detect the

departure from expected performance level. The third step in the appraisal process is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure. To measure actual performance frequently, managers use four common source of information – personal observations, statistical reports, oral reports and written reports. Each has its own strengths and weaknesses. However, a combination of them increases both the number of input sources and possibility of receiving reliable information. Performance measures, to be helpful must be simple to use, be reliable and report on the critical behaviors that determine performance.

2.10.4 Comparing actual performance with standard after evaluating and discuss the appraisal with employees

Pursuant to Dr. P.G. Aquinas, (2003).the fourth step is the comparison of actual performance with standards. The attempt in this step is to note deviations between standard performance and actual performance so that we can precede to the next phase of the appraisal process the discussion of the appraisal with the employee. One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate and then have the subordinate accept the appraisal in the right spirit.

Appraising performance touches on one of the most emotionally charged activities-the assessment of another individual's contribution and ability. The impression that subordinates receive about their assessment has a strong impact on their self-esteem and very important, on their subsequent performance. Of course conveying good news is considerably less difficult for both the manager and the subordinates than conveying the bad news that performance has been below expectations

PAs must be reviewed with employees to be effective. Sit down with each employee to review the standard expectations and provide feedback about what has been done well and what areas need improvement. Employees must effectively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments rewards their jobs, and support of the evaluation feedback.

In other words, employees must understand it, must feel it 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 on an organization. The rater must provide appraisal feedback on that the employee achieved that meet or exceed performance expectations.

2.10.6 Initiating Corrective action, if necessary.

The final step in the appraisal is the initiation of corrective action when necessary. Corrective action can be of two types. One is immediate and deals predominately with symptoms. The other is basic and deals with causes. Immediate correction action is often described as "putting out fires", whereas basic corrective action gets to the source of deviation and seek to adjust the difference permanently. Coaching and counseling may be done or person may be deputed for formal training courses and decision-making responsibilities and authority may be delegated to the subordinates. Attempt may also be needed to recommend for salary increased or promotions, if these decisions become plausible in light of the appraisal (Dr. P.G. Aquinas, 2003).

2.11 Methods of PA

Numerous methods have been devised to measure the quantity and quality of PA. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee. Each method of PA has its strengths and weaknesses may be suitable for one organization and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organizations to measure their employees' performance.

All the methods of appraisal devised so far have been classified differently by different authors. The most popular methods used in the PA process can be divided in two categories. According to Dr. P.G. Aquinas,(2003), there are traditional and Modern methods of PA.

2.11.1. Traditional Methods

A) Straight ranking Method: This is one of the oldest and simplest techniques of PA. It is easy to administer and explanation. In this method, the appraiser or evaluator ranks the employees from the best to the poorest or from the poorest to the best on the basis of their overall performance. It is very useful for a comparative evaluation. It is very useful for a

comparative evaluation. The greatest limitations of this appraisal method are: 1) It is highly subjective, 2) It does not tell that how much better or worse one is than another, 3) It is very difficult to compare one individual with others having varying behavioral traits. To remedy these defects, the paired comparison method of PA has been evolved, 4) The magnitude of difference in ability between ranks is not equal at different positions, 5) The task of ranking individuals is difficult when a large number of employees are rated, and 6) No systematic procedure for raking employees due to this does not eliminate the possibility of snap judgments (Dr. P.G. Aquinas, 2003).

b) Paired Comparison method: It is a better way of comparison than the straight ranking method. In this method each employee is compared against pre-established criteria, with all others on a one-to-one basis and then ranked. This method eliminates central tendency and leniency errors but still allows for halo effect errors to occur. The paired comparison method is more reliable but the method is not suitable when large number of employee is to be evaluated. 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. (Dr. P.G. Aquinas, 2003). $N(N-1)/^N$

C) **Grading Method:** In this method, certain categories of worth are established in advance and carefully defined. There can be four categories established for employees: outstanding, very good, average, poor. There can be more than four grades and based on certain selected features of employees for instance leadership qualities, knowledge etc performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance (Dr. P.G. Aquinas, 2003).

One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

D) **Graphic Rating Method:** The graphic rating scale is the most commonly used, simple to use, easy to understand, less time consuming to develop and administer and allow for quantitative analysis and comparison. In this method, the printed appraisal form is used to appraise each employee. Hence the appraiser is asked to rate employees on the basis of job-related characteristics and knowledge of job and this method uses to measure on the basis of these traits on a continuous scale. For example a trait like Job knowledge may be judged on the range of average, above average, outstanding or unsatisfactory or on the basis of numbers

(1,2,3,4, 5, and so on). The list of factors to be appraised is dependent upon the company requirements.

This method is good for measuring various job behaviors of an employee. However, it is also subjected to rater's bias while rating employee's behavior at job. Occurrence of ambiguity in design- management the graphic scale results in bias in appraising employee's performance. Therefore, employees are ranked by determining a score which shows their performance level. The unity of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Monday, 2008).

E) **Forced Choice Method:** This method evolved after a great deal of research conducted for the military service during World War II. Common method of forced-choice method contains two statements, both positive and negative. The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rate is forced to make a choice. HR department does actual assessment. Advantages of this method is minimized of evaluator biases because of forced choice and disadvantage statements may be wrongly framed (Monday, 2008).

F) **Checklist Method:** Under this method, the appraiser is given a checklist of several behaviors, traits, or job characteristics of the employees on job. The checklist contains a list of statements on the basis of which the evaluator describes the on the job performance of the employees. If the rater believes that employee does have a particular listed trait it is marked as in the form of "Yes" or "No" based questions is prepared(Dessler,2000).

Advantages of checklist method are, economical, ease to administrate, required limited training, and standardization. Regarding demerit rater's biases, use of improper weighs by HR, does not allow rater to give relative ratings.

G) **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. This method is more credible because it is more related to job and based on individual's performance than characteristics. The necessity of this system is to try to measure individual's performance in term of incidents and special episode which take place in job performance. Supervisors as and when

they occur record such incidents. (Mondy, 2008).

Advantages in this method are, evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high. And the disadvantages are negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment (DR.P.G. Aquinas, 2003).

H) **Essay Method:** Essay method is the simplest one among various appraisal methods available. 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. However, essay method, like other methods, is not free from drawbacks. Advantage of the method is, it is extremely useful in filing information gaps about the employees that often occur in a better-structured checklist and disadvantages, highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters (Monday, 2008).

I) **Field Review Method:** In this method, PA is done by someone outside employees; own department usually from corporate or HR department representative(S). This method is very time consuming method but it has own advantages. The advantage is useful for managerial level promotions, when comparable information is needed. The limitations are evaluating by outsider is generally not familiar with employees work environment, observation of actual behaviors not possible, when there is a reason to suspect rater's biasness or his or her rating appears to be quite higher than others, these are neutralized with the help of a review process. The review process is usually conducted by the personnel officer in the HR department. Since an expert is handling the appraisal process, in consultation with the supervisor, the evaluation are more reliable .However, the use of HR experts makes this approach costly and impractical for many organization.(Monday, 2008).

J) **Confidential Report:** The traditional way of appraising mainly in the Government organization. Evaluation is made by the immediate boss or supervisor for giving effect to

promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc.

The disadvantage of Confidential Report method are: it is lot of subjective Because it focuses on impression rather than data ,feedback is not provide to employee and due to this very low credibility and it also focuses on evaluating rather than developing the employee because of absence post appraisal meeting. (DR.P.G. Aquinas, 2003).

2.11.2 Modern Methods

Modern methods are an important over the traditional methods. Modern methods are an attempt to remove detect from old methods. The modern methods of judging the performance of employees are developed. The modern methods are discussed here in below.

A) Behaviorally Anchored Rating Scales (BARS): This is the latest modern appraisal technique, which has been developed recently. Behaviorally Anchored Rating Scales (BARS) is a latest and modern technique which is combines the critical incidents method with rating scale methods by rating performance on a scale but with the scale points being anchored by behavioral incidents (Wiese, 1998).

Behaviorally Anchored Rating Scales (BARS) are designed to bring the benefits of both qualitative and quantitative data to the employee appraisal process. BARS compare an individual's performance against specific examples of behavior that are anchored to numerical ratings.

The problem of judgmental PE inherent in the traditional methods of PE led to some organizations to go for objective evaluation by developing a technique known as Behaviorally Anchored Rating Scales.

According to DR.P.G. Aquinas (2003). "This method is more valid and expected to give more reliable results as minimizes the errors in PA. It identifies measurable behavior therefore more scientific."BARS are "a combination of the rating scale and critical incident techniques of employee PE. The critical incidents serve as anchor statements on a scale and the rating form usually contains six eight specifically defined performance dimension."The following are Advantage and Disadvantage of BARS:

 Advantage of BARS: 1) The ratings are likely to be accurate; 2) It provides considerable

chance of employee participation; 3) Performance results and consequently is able to gives developmental aspect to employee;4) It is reliable and valid method; The raters bias is reduced; 5)Useful in providing feedback the rated employee and;6) IT provides a basis for setting developmental purpose to the employee.

On the other hand, Disadvantage of BARS: A) To develop this method it is time consuming and expensive; B) It need to develop several appraisal forms so as to accommodate different types of jobs in organization and: C) The behaviors used in this method are focuses in activity oriented rather than result oriented.

B) Management by Objectives (MBO): This is an objective type of evaluation which falls under modern approach of PA. Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as management by objectives (MBO).Management by objective is a process that converts organizational objectives in to individual objectives. In MBO method of PA, manager and the employee agree upon specific and obtainable goals with a set deadline. With this method, the appraiser can define success and failure easily (Ingham, 1998).

C) Assessment Centers: According to (et.al DR.P.G. Aquinas 2003). The introduction of the concept of assessment centers as a method of performance method is traced back in 1930s in the Germany used to appraise its army officers. The concept gradually spread to other countries. In business field, assessment centers are mainly used for evaluating executive or supervisory potential. By definition, an assessment center is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assesses is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessor's behavior the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assesses. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assesses. Assessments are done generally to determine employee potential for promotion.

The distinct advantages the assessment centers provide include more accurate evaluation, minimum baseness, right selection and promotion of executives, and so on. Nonetheless, the technique of assessment centers is also plagued by certain limitations and problems. The technique is relatively costly and time consuming, causes suffocation to the solid performers, discourages to the poor performers (rejected), breeds unhealthy competition among the assesses, and bears adverse effects on those not selected for assessment.

D) Psychological Appraisals: These appraisals are more directed to assess employee's 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, motivational, reasoning and analytical ability, sociability, interpretation and judgment skills, motivation responses, and ability to foresee the future affecting his performance (DR.P.G. Aquinas 2003).

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.

E. Human Resource Accounting Method: Pursuant to DR.P.G. Aquinas (2003). Human resources are valuable assets for every organization. Human resource accounting method values the relative worth of these assets in the terms of money. In this method the valuation of the employees is calculated in terms of cost and contribution to the employers. The cost of employees includes all the expenses incurred on them, viz., their compensation, recruitment and selection costs, induction and training costs etc., whereas their contribution includes the total value added (in monetary terms).The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

F) 360-Degree Feedback: 360 degree evaluations are the latest approach to evaluating performance. It is a popular PA method that involves evaluation input from multiple levels within the firm as well as external sources. It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like

immediate supervisors, team members, customers, peers and self. In fact anyone who has useful 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 (Shrestha, 2007).

Rasheed, Aslam, Yousaf and Noor (2011) claimed that 360 degree appraisal system is more effective as compared to other systems that are one sided and could be biased at times. In 360-degree appraisal system, information is obtained through several sources; it includes the boss, top management, assistants, co-workers, customers, dealers and advisors. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

In 360 – degree feedback, performance appraisal being based on feedback "all around", an employee is likely to be more correct and realistic. Nonetheless, like other traditional methods, this method is also subject to suffer from the subjectivity on the part of the appraiser. For example, while supervisor may penalize the employee by providing negative feedback, a peer, being influenced by 'give and take feeling' may give a rave review on his/her colleague (Yukl and Lepsinger, 1995).

2.12 when and who conduct and give feedback PA

Organizations have their own time to conduct PA depending on their own philosophy of time period Mullins, L.J. (1996). Any organization in a day to day activities immediate supervisor expected to conduct regular appraises his subordinates, say for instance, every six months or annually. When systematic appraisals conducted on a regular basis appraiser should considered to note that the frequency of appraisal should meet with the purpose, for new members of staff may require frequent appraisal, those recently promoted or appointed to a new position or for those who are finalized probation period must evaluated and in the case of past performance has not been up to the required standard the following rating should done earlier than the usual period. Mathis and Jackson (1997), further explained the importance of formal and systematic PA as follows:

First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day – to - day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversion on the job or over coffee or by an on – the sport examination of a particular price of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely to motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) latter when the formal evaluation is communicated.

Second 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. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager because more important. Therefore, systematic appraisals typically are conducted once or twice a year.

Pursuant to Jackson and Mathis (1997).Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal at 90 days after employment, at six months, and annually is common timing. This regular time interval is a feature of formal appraisals and distinguishes then from informational appraisals. Both employees and managers are aware that performance will be reviewed on a regular basis, and they can play for performance discussions. In addition, informal appraisals should be conducted wherever a manager feels they are desirable. Bole and kleine (1997), argued that employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be monthly or quarterly.

Also obisi (2011) asserted that for most people, objectives cannot be accomplished by a PA given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. In relation to responsible Body to Conduct PA, it is a management system tool in establishing power and authority and also strategy to strengthen employee-supervisor relationship through good communication and knowledge sharing.

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. Tosi,

Rossi and Carroll (1986) said (wrote) as follows: "PE by one's superior, groups of management at higher levels subordinated or peers. It has been department and for certain purposes, self-ratings are used." Additionally, Mathis and Jackson, (1997), also wrote as follows: Again PA can be done by any one of familiar with the performance of individual employees. Possibilities are including the following. Supervisors who rate their employees. Employee who rate their supervisors, Team members who rate each other, Outsider sources. Employee self-appraisals and Multi-score (360) appraisal.

2.13   Challenges and problems in the PE process

2.13.1 Performance with the design and operations of the systems

According to Michael Beer (1987) many of the problems with PA stems from the appraisal system itself. The objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system. The performance system can be blamed if the criteria for evaluation are poor, the technique used in cumbersome, or the system is more form than substance. If the criteria used focus solely on activities rather than output, or on personality traits rather than performance, the evaluation may not be well received Cynthia, L. (1985).

As Henderson, (1984) cited in Deborah F.B and Brain H.kleiner (1997), PAS are not generic or easily passed from one company to another; their design and administration must be tailor-Made to match employees and organizational characteristics and qualities.

Boice and Kleiner, (1997). Organization need to have a systematic framework to ensure that performance appraisal is "Fair" and "consistent" In their study of "designing effective PAS" 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 work force. The system should have a frame work to provide appropriate training for supervisors, raters, and employees, a system for frequent review of performance, accurate record keeping, a clearly defined measurement system, and a multiple rater group to perform the appraisal.

2.13.2 Problem with the appraiser

Mistakes made by raters are a major source of problems in PA. There is no simple way to completely eliminate these errors, but making raters aware of them through training is helpful. Rater errors are based on the feelings and it has consequences at the time of appraisal.

Effective PA doesn't just happen and organizations shouldn't assume that managers know how to conduct them effectively, even if they have many years of experience as managers. In fact, since the process can differ from organization to organization, it is important that training is provided to introduce managers to the philosophy of PA at the organization, including a review of the forms, the rating system and how the data gathered is used. Training should take place regularly as a refresher both for new and veteran managers. PA is important for organizations and employees. PAs are subject to a wide variety of inaccuracies and biases referred to as "rating errors". These errors occur in the rater's observations, judgment, and information processing, and can seriously affect assessment results.

An evaluation system can be hampered or destroyed often because raters have not been and equitably trained (Ivonivich; 1989). It should be clear; therefore, that even if the system is well. Designed, little knowledge and skill on the side of the raters can lead to a series of problems and errors in completing an evaluation several of which the most common rating errors are halo effect, central tendency, Constant Error, Recent behavior bias, Personal bias, Lack of objectivity are discussed below.

1. Hallo Effect: The halo effect appears in the evaluation when a manager rates an employee high on all items because of one characteristic that he or she likes. A person may be good in one trait but is generally rated as overall good. Hello effect takes place when traits are not clearly defined and are unfamiliar. Example of halo effect if a worker has few absences but the supervisor has a good relationship with that employee, the supervisor might give to the employee a high rating in all other areas of work, in order to balance the rating. Sometimes it happens due to the emotional dependability based on the good relationship they have. To minimize this problem training raters to recognize the problem and differentiating the person with the performance they do (saiyadain, 1999).This is a tendency to erroneously rate employee by assigning the same rating of level of level to all dimensions of this performance Glueck, (1978).

2. Central Tendency: When the manager evaluates every employee within a narrow range, as the average because he or she is dismissing the differences in the performance that employees have done. Example: When a professor because the average of the class tends to grade harder. Therefore, if the performance of the class average is quite high, the professor will evaluate them more highly. On the contrary, if the average of the class is lower, he or she would appraise lower. While assessing the rates (Rao and Rao 2004).

3. Strictness or leniency: Strict rater gives ratings lower than the subordinate deserves. This strictness error penalizes superior subordinates. Example: When the professor tends to grade lower, because the average of the class. Solution: try to focus more on the individual performance of every employee regardless the average results. The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error (saiyadain 1999).

4. Recency of events: Ideally, PA should be based on data collected about a subordinate's performance over an entire evaluation period (usually six months to a year). However, as is often the case, the supervisor is likely to consider recent performance more strongly than performance behaviors that occurred earlier. This is called the recency of events error. Failure to include all performance behaviors in the PA of subordinate can bias the ratings Lunenburg , F. C. (2012).

5. Personal bias: Rater's when the manager rates according to his or her values and prejudices which at the same time distort (distortional) the rating. Those differentiations can be made due to the ethnic group, gender, age, religion, sex, appearance...Example: Sometimes happen that a manager treats someone different, because he or she thinks that the employee is homosexual. Solution: If then, the examination is done by higher-level managers; this kind of appraising can be corrected, because they are supposed to be more partial.(Ivancevich, 1989). There is also a claim that personal bias can greatly influence appraisal results when pricier give a higher rating because the appraiser posses' qualities or characteristics with the appraisers are related lower than they deserve (Glueck, 1978).

The above mentioned situation resulted due to rater effect and this includes favoritism,

stereotyping, and hostility. Excessively high or low scores are given only to certain individuals or groups based on the rater's attitude towards the rate, not on actual outcomes or behaviors. Sex, age, race and friendship biases are examples of this type of error.

6. Lack of Objectivity: political weakness of the traditional PA method is that they lack objectivity, in the rating scales. For example, commonly used factors such as attitude, loyalty and personality, are difficult to measure (Monday, 1990). Therefore, it should employees appraisal based on personal characteristics might pose the evaluator in an untenable position with the employees.

2.13.3. Problems with the appraise

The problems of PE can also be attributed to the rates, and involves the instance of; their attempt to create unnecessary impression and work area ingratiation is one of the major problems with respect to rates. For the evaluation system to work well, employees must understand it must feel it is fair, and must be work oriented enough about the results. One way to foster this understanding is for the employees to participate in a system design and be trained to some extent in PE (Glueck, 1978). The underlying assumption is that employees need to initialize the purpose appraisal system and willingly accept the performance criteria and processes of appraisal as realistic, helpful and reliable.

The problems of PE can also be attributed to the rates. For instance, their attempt to create unnecessary impression. And work area integration is one of the major problems with respect to rates.

According to Mark, C. (1995), while discussing impression management, organizations occasionally exist in which subordinates gain credit for pushing ahead with management plans that are absurdly wrong, in pursuit of aims which are completely pointless, stifling criticism either of purpose or of method with cries of "commitment" and "loyalty". Ingratiation English has a rich vocabulary to describe workplace ingratiators – including words listed in dictionaries as "not in polite use" – which implies that the behavior is widely

recognized, but not widely popular. 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 palatable. Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization. Besides undermining PA, and selection research, this tends to be bad for morale, when staff see persons whose true performance is poor, but who are good at ingratiating themselves, get merit awards, or promotion, or other marks of favor (DR.P.G. Aquinas 2003).

2.14 Factors influencing the effectiveness of the performance evaluation

PA can be influenced by three major factors appraisal system, subordinate and supervisor relationship, and the interview process (Michael Beer, 1987) First, the appraisal system can be designed to minimize the negative dynamics causing problems of PA. The supervisor often has only marginal control over these matters. Second, the ongoing relationship between boss and subordinate will have a major influence on the appraisal process and outcome.

Third, the interviews process itself, the quality of communication between boss and subordinate; can help to minimize problems of PA.

2.14.1 The appraisal system

In order to solve the problem of defensiveness of rates that resulted as a result of conflict in the goals of performance appraisal, raters should conduct two separate PA interviews one focused on evaluation and the other coaching and development. The other solution is choosing appropriate performance data, for instance, using behavioral rating scales and behavior related appraisal techniques may solve this problem.

2.14.2 Supervisor- subordinate relations

The quality of the appraisal process dependent on the nature of the day –to –day boss subordinate relationship. In an effective relationship, the supervision is providing feedback and coaching on an ongoing basis. Thus, the appraisal interview is merely a review of the issues that have already been discussed. On the other hand, if relationship of mutual trust and

supports exists, subordinates are more apt to be open in discussing performance problems and less defensive in response to negative feedback.

There are no easy techniques for changing a boss subordinate relationship. It is highly affected by the context within which the boss and subordinate work, the broader culture of the organization, and the climate of the primary work group will have important influence on boss subordinate relationship. If the organization culture encourage participative management, open communication, support accompanied by high standards of performance, a concern for employees, and egalitarianism, it is more likely that these values will characterize.

2.14.3 The appraisal interview

The best techniques for conducting a particular appraisal for conducting a particular appraisal interview depend on the mix of objectives pursued and the characteristics of the subordinate. Employees differ in their age, experience, sensitivity about the negative feedback, attitude towards the supervisor, and desire for the influence and control over their destiny.

As Norman R.F.Maier (1958) cited in Michael Beer (1987), there are three types of appraisal interviews each with a distinct specific objective. The differences are important in determining the skills require by the supervisor and the outcomes for employee motivations and supervisor-subordinate relationships. The three methods are termed as tell-and-sell, tell and listen, and problem solving.

A. The tell and sell method

The aim of this method is to communicate evaluations to employees as accurately as possible. The fairness of the evaluation is assumed and the manager seeks (1) to let the subordinate know how they are doing, (2) to gain their acceptance of the evaluation, and (3) to get them to follow the manager's plan for improvement. In the interview, supervisors are in complete control; they do most of the talking.

B. The tell and listen interview

The tell-and-listen interview differs substantially from the tell-and-sell method in how

disagreement and resistance are handled. While both interviews start with a one-way communication from the supervisor to the employee, in the tell-and-listen interview the supervisor then sits back and assumes the role of a nondirective counselor.

This role requires the supervisor to (1) listen actively, accepting and trying to understand the employee's attitudes and feelings; (2) make effective use of pauses, waiting patiently without embarrassment for the subordinate to talk; (3) reflect feelings, responding to and restating feelings in a way that shows understanding of them; and (4) summarize feelings, helping subordinates understand themselves.

C. The problem solving interview

The objective of the problem-solving method is to help employees identify their performance deficiencies and encourage them to initiate a mutually agreed upon plan for improvement. This interview approach takes the manager out of the role of judge and puts him or her in the role of helper. The problem-solving interview is best suited to coaching and development objectives. It has no provision for communicating the supervisor's evaluation. The assumption is that subordinates' self-understanding and motivation to improve performance can best be achieved in a climate of open communication and mutual influence.

To summarize, based on the above literature the research report has attempted to explore the different purpose of PE in theory and practice. Secondly, there research focused on describing and analyzing the problems of PE from the perspective of the system itself, the Raters, and rates themselves. Thirdly, the research report tried to address different issues. Related to PE problems, especially feedback and the appraisal process, criteria etc.

Employees, PA 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 mechanism and resistance in performance ratings to defend against threats to their self-esteem (Michael beer, 1987; Campbell and lee, 1988). The defensiveness may take a variety of forms. Subordinates may try to blame their unsatisfactory performance on others or on uncontrollable events, they may question, the appraisal system itself or minimize its importance, they may demean the source of the data, they may apologize and promise to do better in the hope of shortening their exposure to

negative feedback, or they may agree too readily with the feedback while in worldly denying its validity or accuracy. The defensiveness that results may take the form of open hostility and denials or may be masked passively and surface compliance.

Therefore, based on the theoretical understanding gained from the literature, I have tried to assess the extent to which these and other related problems exist in relation to the PE practice of the CN PLC.

CHAPTE THREE: RESERCH DESIGN AND METHODOLOGY

3.1 Introduction

In this part of the research work a depiction of the research design and methodology used in the study are discuss along with the description of the Organization, research design, source of data, data collection procedures, population and sampling technique, data analysis, validity and reliability, and ethical consideration used in conducting the study.

3.2 Description of the Organization

Commercial Nominees PLC was established in 1965 G.C by Commercial Bank of Ethiopia and Construction and Business Bank , with an initial capital of birr 15,000.00 (fifteen thousand Ethiopian Dollar), contributed in the proportion of 93.3% by Commercial Bank of Ethiopia and 6.7% by Construction and business Bank.

The initial business purposes for which the Organization was established were:-

➢ To act as an agent or a nominee for any person or persons, company, partnership or association in accepting, holding, dealing with, administering and disposing of shares, bills, bonds, debentures, notes or other forms of obligations pursuant to agreement or agreements.

➢ To accept and undertake the functions normally performed by a trustee, executor or administrator in the management and settlement of estates and trusts constituted by deed.

After the Shareholders in their ordinary meeting held on 29 July 1993, the business purpose of the company was redefined by shareholders as follows:

"To engage in various service rendering businesses; trust administration; auxiliary; agent; commission agent; brokerage ...."

Furthermore, in their general meeting held in 1997 and 2016 E.C the shareholder decided to redefined again the business purpose, CN PLC is thus currently engaged in the businesses of out-sourced Service Management activities such as; Compensation Payment, Local Private

Employment and Management Service, Pension Benefit Payment, Provident Fund Administration, Effecting Payments, Real Estate Administration, Event Coordination and Western Union Money Transfer Service. In addition to, the above mentioned businesses CN future made expansion to do the following business activities:

- Buying, selling and administering enterprises
- Printing service and buying and selling printing inputs from both in and outside the country
- Distributing and sales of ethio-telecom products
- Establishing training center and rendering training service for other companies
- Importing and distribution of cleaning equipment, cleaning supplies and uniform
- Establishing garment to render tailoring service by importing fabrics
- Coordinating events and effecting payments

Following the amalgamation of two banks the new arrangement of share allocated done by the major shareholder Commercial bank of Ethiopia in order to fulfill the legal requirements of the law of the land.

To give such services for their customers CN PLC having a total number of employees 22,319 (As of December 31, 2017) out these permanent employees is 396. And the remaining employees hired for definite period of time (contractual employees).Most contractual employees deploy in clients organizations in different positions i.e security guard, cleaners, drivers, Lobby man, electrician, secretary assistant and file operator etc. in order to fulfill contractual obligation.

3.3 Research Design

According to R. Kothari (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.

So as to show the existing phenomenon as it exists this research employs a descriptive design. A large proportion of all research is descriptive research (Brian, A.1995). This is because a clear statement of "What is" 'is an essential prerequisite to understanding "Why it

is so" and "what it might be". In a very real sense, description is fundamental to all research.

In this research, the researcher used descriptive research design in order to describe employees' PA practice and challenges based on the data collected from managers and non-managers employees working in different branches and head office of CN PLC. As it is a description research, questionnaires and interview were used to collect primary data from employees and management of the Organization.

Data collected from respondent were analyzed and integrated so as to arrive at meaningful findings, SPSS version 16.0 was used to code and analyze the collected responses form after proper editing, data was coded; entered to the software and they were made ready questionnaires for analysis. Descriptive statistics techniques were adopted for analysis of data collected. In frequency for instance table, rank and percentages was used.

3.4 Source of Data

In order to achieve the objectives of the study the researcher used both primary and secondary source of data. Both sources of data were very important to provide relevant, reliable and accurate information about the subject matter that the researcher wants to emphasis.

Primary sources were used because of their relevance to collect data that help in meeting the study objective and secondary sources were used in order to collect data that cannot be obtained otherwise. Primary data were collected mainly through self-administered questionnaires of both types (closed- ended and open- ended) that were distributed to 93 employees of the Organization (79 to non-managerial and 14 to managers) who represent 30% of the total member of the population.

Accordingly, two types of questionnaires, one for non–managers and other for managers' respondents were served. The questionnaires were prepared in English and translated to Amharic in order to ease the questions for the understanding of employees who do not have adequate exposure to English language. On top of questionnaires, structured interview was held with HR department manager. The interview discussions questions were designed to know the HR department understands of PE practice and challenges at the Organization and to enhance reliability of the data.

Questionnaires were used to collect the required primary data for they are the most suitable ones for the purpose and interview was used in order to collect data that cannot be obtained through questionnaires and to complement credibility of the data collected using questionnaires.

Secondary data relevant for this research work were collected from the Organization's appraisal form and employees file etc. The literature reviews was also entirely depending on secondary sources, which are, related studies that were undertaken by different researchers and authors on the topic under study.

3.5 Data Collection Procedures

In collecting data, self-administered questionnaires were used to collect information from the respondents. The questionnaires were Likert scale type of questions.

As discussed above in the sources of data section, questionnaires were prepared and distributed to 93 employees of the organization. Data was collected from a total 91 from 93 employees for whom questionnaires were distributed. The response rate is 97.8%. The questionnaires were first tested before distribution to the respondents so as to check their viability. The questionnaire test was done by distributing 10 questionnaires (3 for manager, 7 for non- manager staff). Convenient sampling was used to test the questionnaires. After testing and making revisions, questionnaires we finally distributed to the sample respondents.

As to interview, questions for the discussion were made ready before hand and the responsible HR department manager was contacted for arranging a meeting, with the consent of the respondent interview time was scheduled, during interview data were collected by taking notes of the proceedings of the discussion based on the discussion designed.

3.6 Population and Sampling Technique

Primary data were collected from employees of the organization working indifferent branches and Head office. The organization has a total of 40 branches (as of December 31, 2017) out of the 40 branches 32 branches where PA practice has been carried out for one year and more were considered for the study. There are 210 employees in the 32 branches

altogether.

Besides, head office employees were part of the study. There are 164 staffs in the head office. Hence, total number of population under consideration is 374 (210 of branches and 164 of the head office). Of the total staffs in the Head office and branches, approximately 90% (337) have worked one year and more in the organization as confirmed by the HR department manager of the organization. And random sampling technique was used to give equal chance of participation.

Managers from branches and Head office were selected purposefully in order to assess their opinion on the PA practice and challenges as raters. Purposive sampling was used with the view that managers would give relevant data that would help in assisting the PA practice of the organization. Non-managerial employees were randomly selected from 32 branches and head office as rates. Here too, the reason is to give equal chance of participation of the employees. Total of 93 questionnaires were distributed to the employees. Hence, sample size is 93/337 = 30 % of the population.

While collecting data, the procedure was ethical enough. The study participants were asked their consent and, they were assured that the information collected from them would be kept confidential.

3.7 Data Analysis

Both quantitative and qualitative methods of data analysis were used to analyze the data collected from the study. Data collected from respondent employees through questionnaires and interview discussions were analyzed and interpreted so as to arrive at meaningful findings. SPSS version 16.0 was used to code and analyze the collected response from questionnaires.

After proper editing, data were coded, entered to the software and then they were made ready for analysis. Descriptive statistical techniques were adopted for analysis of data collected from questionnaires respondents. In so doing descriptive statistics such as percentage and ranking were the tools used to summarize and analyze the data gathered from the respondents. This helped the researcher thoroughly analyze and interpreted the questions one by one in order to reach meaningful results.

Data collected from interview discussion was also incorporated in the data discussion and interpretation part of the study. Hence, the results are easily interpreted to assess Performance appraisal practice and challenges at Organization. Conclusions were drawn base on the data analysis and interpretation.

3.8 Validity and Reliability

According to R. Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which any instrument measures what is intended to measure. Content validity of the survey questionnaire was validated by practitioners, pilot sample testing, research advisor and subject matter expert. The results led to make minor changes in the instrument, which was made prior to administering the survey. Moreover, the interview discussions questions were designed to know the HR department manager understands of PE practice and challenges at the Organization also enhance reliability of the data.

3.9 Ethical Consideration

Before starting to filling the questionnaires it was ethical to communicate the respondents to know the purpose of the study and the response is secured and have the right to privacy by doing so getting their willingness from respondents results the study maintained the confidentiality of the identity of each participant. Using all case names is kept confidential and collective names were used in the study.

CHAPTER FOUR: ANALYSIS AND INTERPRETATION OF DATA

This chapter deals with presentation, analysis and interpretation of the gathered data through the use of questionnaire and interview. As cited in chapter three research and methodology method were employed to assess the practice and effects of performance appraisal on employee's performance at Commercial Nominees PLC.

This chapter is divided into two main parts. The first part focuses on the explanation of respondent's response to the distributed questionnaires and interview during data collection shows as fair representation of the population, and demographic characters of respondents; whereas the second part deals with on analysis and interpretation of the gathered data. The parts are composed of data and information that were collected through primary and secondary data sources.

4.1. Demographic Characteristics of Respondents and Fair Representation of the Population.

4.2.1. Status of Respondent's Representation

374   staff members (appraises) at branch and head office level were part of the study. 93 questionnaires were distributed to manager and non- manager members of CN and we found in different branches and head office level was invited to fill the questionnaires (79 questionnaires to non- manager employees and 14 to managers) who represent 30% of the total member of the population.

Table 4.1. Status of Respondent's Representation

	Frequency	Percent
Non Managerial	77	84.6
Managerial	14	15.4
Total	91	100.0

As illustrated in the above table the total 79   distributed questionnaires to non- manager

respondents 77 (84.6%) were returned and 2 (15.4%) were unreturned. And to the managers from the 14   distributed questionnaires all of them 100% were returned.

From the total distributed questionnaires almost all were returned on time and the entire returned questionnaires were completed. This can be considered as fair representation of the population.

4.2.2. Demographic Characteristics of Respondents

This part presents the characteristics of the respondents that were participated on answering the distributed questionnaires and interviews to collect the required data. And this categories by respondent's gender, age, educational background and number of years of service at CN. The following table depicts the demographic characteristics of respondents.

4.2. Demographic Characteristics of Respondents

NO	AGE	NO	%age	Work Exp	No.	%age
	18-30	29	31.9	1-8 years	68	74.7
	31-40	40	44.0	9-16 years	15	16.5
1	41-50	10	11.0	16-24 years	7	7.7
	51 and above	7	7.7	25 and above	1	1.1
	Total	86	94.5	Sum	91	100.0
	Missing System	5	5.5	**Level of Edu**.		
	Total	91	100.0	Elementary	1	1.1
	GENDER	No	%age	High school	9	9.9
2	Male	52	57.1	Diploma	16	17.6
	Female	39	42.9	Degree	58	63.7
	Sum	91	100.0	Master & above	7	7.7
				Total	91	100.0

4.2.2.1 Age of Respondents

As shows in the table above, of 69 respondents' which is 75.9% falls under the age category of 18-40. This shows that they are young to do a lot for the CN. Experience shows that to do

more and is in the age of effectiveness. This implies that if the said organization (CN) sustains its employees by motivating based on performance results much can get for the implementation of its intended mission objective, goal etc.

4.2.2.2 Gender of Respondents

The table above revealed that 52 (57.1%) of respondents were male respondents; while 39 (42.9 %) of respondents were female. This indicates that the sex distribution of the study respondents is fair and almost near to and has representative of both genders.

4.2.2.3 Educational Background of Respondents

The study indicated that 81(89%) of respondents are diploma holders and above. From which 16 (17.6 %) are diploma holders; and 65 (71.4%) are degree holders and above.

This gives the chance to see the study from the very analytical way and in the fresh mode of thinking and one can conclude that almost all respondents can fairly understand the questionnaire and able to give valuable information about the study.

4.2.2.4 Number of Years of Service at Commercial Nominees PLC.

In relation to service year in the organization, the data shows that majority 68 (74.7%) of respondents have worked in the CN for more than one year up to eight years; the rest 23 (25.3%) of respondents have worked nine years and above.

Thus, the findings reveals that employees are willing to stay in their organization for long time and organization has blend of experienced ; young professionals that require constant refreshment to increase organization's productivity and their service year in the organization can give valuable information about the subject under study.

4.3. Frequency of Performance Evaluation

Employees PA reveals that the frequency of employee PA figures among other things, the purpose underlying appraisal scheme. In addition it has been indicated that employee PA is designed either for administration or developmental objective. Any activity in an organization has its time of execution so does have performance evaluation. Organizations have their own time to conduct PA depending on their own philosophy of time period.

Respondents were asked about the frequency of performance appraisal practice and their response is shows in below.

Table 4.3 Response on current practice of Frequency of PA

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Every month	1	1.3%	0	0.0%
Every 3 months	2	2.6%	0	0.0%
Every 6 months	74	96.1%	14	100.0%
Total	77	100.0%	14	100.0%

As stated in the above table, 96.1% of non-manager respondents indicated performance appraisal was conducted twice a year. While 2.6% and 1.3% every three months and on a monthly basis respectively. Similarly, 100 % of managers reported that performance appraisal conducted bi-annually. This shows that almost all respondents (96.1% of non-managers and 100% of managers) reported that the employee PA has been taking place twice a year.

4.4 Respondents' Preference of frequency of PA and their response.

Respondents were asked about the practice of PE Frequency should be and their response is shown below.

Table 4.4. Response on PE Frequency should be:

	Managerial	
	Frequency	Percent
Every month	1	7.1%
Every 3 months	8	57.1%
Every 6 months	5	35.7%
Total	14	100.0%

As shown in table 4.4 above, 57% of the respondents suggested that PA should be conducted every three months in a year. While 35.7 % and 7.1% prefer it to be every 6 months and every month respectively. According to Monday (1990), at effective organization have daily, weekly and monthly employee evaluation. The current CN practice would hardly considered as a developmental use since it would be very difficult to get comprehensive data on employees' performance only two sessions.

4.5. Participation in the Evaluation Form Design

Pursuant to Beer (1987), the PA form used to evaluate the performance of the employees is difficult to handle easily if it is cumbersome, not customized and source of unnecessary blame if employees did not participate in the design of the form of evaluation. Accordingly, respondents were asked if participated in design of the form and their response is presented in below.

Table 4.5. Participation in the evaluation form design

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	18	23.4%	5	35.7%
Disagree	26	33.8%	6	42.9%
Neutral	13	16.9%	1	7.1%
Agree	17	22.1%	1	7.1%
Strongly agree	3	3.9%	1	7.1%
Total	77	100.0%	14	100.0%

As shown in table 4.5 above, 57.2% of non-manager respondents disagreed as they did not get an opportunity to participate in the design of PA form while 26% agreed as they got an opportunity to participate and 16.9% were neutral. Of manager, 78.6% disagreed that employees have never to get an opportunity to participate in evaluation form designing of PA form. While 14.2% agreed got an opportunity to participate and 7.1 % were neutral.

The majority of respondents confirm that in CN employees do not have an opportunity to

participate in designing the form, due to this employees lack ownership and confidence on the form. This in turn would increase employees' dissatisfaction and frustration.

4.5. Access to see the Evaluation Result

PA is a significant element of the information and control system in organization. The main objective of performance result is helping the employees to overcome his/her weaknesses and to reinforce his strength. The results of the appraisal, particularly when they are weakness, the appraiser should communicate the gaps to the employees clearly and immediately, in order to employees know the gaps and made progression in performing the assigned jobs. Disclosing the results of performance results helps the supervisors to give feedback to the subordinate on the performance and performance related behaviors. Therefore, employees have the rights to have access to see their performance appraisal result. Respondents' response on whether has access to see their performance approval result presented in below.

Table 4.6. Access to evaluation result

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, always	58	75.3%	13	92.9%
Yes, sometimes	15	19.5%	1	7.1%
Neutral	2	2.6%	0	0.0%
No, not at all	2	2.6%	0	0.0%
Total	77	100.0%	14	100.0%

The above table shows that majority 75.3% of non-manager respondents said that always they have access to see their PA result. And 19.5% said were sometimes and 2. 6% were neutral and 2.6% were not having access to see their PA result at all. Of manger the majority 92.9% respondents confirmed that have access to see their PA result. While 7.1% sometimes have access to see their PA result.

In line with this, an interview conducted with human resource department manager revealed that employees mostly have access to see their performance result and will sign on the appraisal form explaining them feeling with the performance result. This shows that CN

performance appraisal system have the right to see their appraisal and comment on it. The format also allows writing his/her performance problems; the agreement or the disagreement of employees on the space provided on the appraisal format. From the responses, it is possible to say that large number of employees (both managerial and non-managerial) confirmed that employees always have access to see their PA result. This seems to be a good tradition which should be appreciated to continue in the future. However, the significant numbers of non-manager respondents who said sometimes, and having neutral position and no access (24.7%) at all is not negligible.

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

When a rater's values rather bias occurs or prejudices distort the rating. Rater bias may be conscious or unconscious. This may occur when appraiser has strong bias due to various reasons for instance t, religion, ethnicity, gender, age etc. these bias are likely to result in distorted appraisal result for same people. MATHIS and JACKSON (1997). In addition lack of appraiser knowledge and skill about PAE can lead errors in completing an evaluation. When such situations occur the rates may want to appeal to higher officials. The response whether they can appeal to higher officials if they believe their evaluation result is biased or inaccurate according presented below.

Table 4.7. Can appeal to higher official

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	14	18.2%	1	7.1%
Disagree	3	3.9%	0	0.0%
Neutral	15	19.5%	4	28.6%
Agree	30	39.0%	2	14.3%
Strongly agree	15	19.5%	7	50.0%
Total	77	100.0%	14	100.0%

The above table shows that the large majority 58.5% of the non-manager respondents agreed that can appeal to higher officials if they believe their evaluation result was unfair. While 22.1% indicated cannot appeal and 19.5% indicated were neutral. Of manager majority

54.3% of respondents agreed .While 7.1% reported that cannot appeal to higher officials and 28.6% were indifferent.

An interview discussion with human resource department manager he also confirmed that mostly employees can appeal to higher officials if they perceive their PA is unfair. The response indicated that the significant number of non- manager (22.1%) respondents blaming are not right to appeal to higher officials and both non-manager and manager respondents 19.5% and 28.6% held neutral position respectively. Numerous factors can attribute to Performance appraisals result can be biased or inaccurate. Therefore, when it becomes a case there should be mechanism to appeal to higher officials.

4.7. Timely Provision of Feedback by the Appraiser

Feedback is an important task of PAs. Appraisers after made evaluation they should be given specific and timely feedback on their evaluation. Moreover, As Lee (2005) the feedback should be provided on continuous basis for instance daily, weekly or monthly reviews.

Table 4.8. Response on Timely Feedback from their Appraiser

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	6	7.8%	0	0.0%
Disagree	19	24.7%	1	7.1%
Neutral	21	27.3%	1	7.1%
Agree	20	26.0%	6	42.9%
Strongly agree	11	14.3%	6	42.9%
Total	77	100.0%	14	100.0%

As observed from the above table the large majority 40.3 % of non-manager respondents agreed that receive timely feedback from their appraiser. While 32.5 % indicated do not receive feedback and 27.3 % rated were indifferent. 85.8 % of managers, on the other hand, indicated that provide performance feedback to their subordinates. While 7.1% indicated do not and 7.1 % reported that were indifferent.

This shows CN has a good practice in this regards. However, from this response one can also

infer that there are a significant number of respondents (32.5% non-managers) blaming that appraiser not provides feedback timely and 27.3% of non managers held neutral position. The interview discussion made with human resource department manager that appraisers mostly are given feedback timely during the appraisal period. One of the essential purposes of PA evaluation is by informing PA result to the employees immediately can improve employee's limitation and achieves organization objectives otherwise it is wastage of time.

4.8. Giving Similar Rating to Subordinates in order to Avoid Resentment and Rivalry Among Employees.

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

Table 4.9 Responses of Rater give Equivalent Rating to All Staffs

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	4	5.2%	1	7.1%
Disagree	13	16.9%	4	28.6%
Neutral	30	39.0%	1	7.1%
Agree	23	29.9%	5	35.7%
Strongly agree	7	9.1%	3	21.4%
Total	77	100.0%	14	100.0%

As observed from the above table, 22.1% of non-manager respondents did not agreed that their supervisors give similar ratings to all employees. While 39 % agreed that they do and 39% were neutral. Of managers, 35.7 % indicated that don't give similar ratings to all staff members. While 57.1% agreed they do and 7.1% remained indifferent.

From this one can be easily understand that large number of employees 57.1% managerial and 39% non-managerial agreed that there is such practice of giving similar rating to all staff members to avoid resentments and rivalry among collogues. Which is one of the challenges of PA when all employees are given similar ratings, high performers will get frustrated, to decrease the motivation, etc while low performers will be reinforced to keep on the same

performance level. This will hinder the performance of the organization as well.

4.9. Keeping Files on What Employees have Done During the Appraisal Period

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

Table 4.10. Rater keeps file to evaluate performance

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	5	6.5%	0	0.0%
Disagree	12	15.6%	0	0.0%
Neutral	31	40.3%	3	21.4%
Agree	18	23.4%	9	64.3%
Strongly agree	11	14.3%	2	14.3%
Total	77	100.0%	14	100.0%

As depicts the above table 37.7% of the non-manager respondents agreed that raters keep records. While 21.1% disagreed and 40.3% were indifferent. Of manager respondents majority 78.6% agreed that kept file of employees' performance during PA period, while no one indicated they don't keep file and 21% were indifferent.

From the response one can understand significant number of respondents who disagreed (non manager) and the majority of non manager respondents held neutral position were not negligible. Rating employees without keeping records leads to recency error, focusing only on recent happening.

4.10. Who is to Conduct Performance Appraisal

PA is the most important task of an organization. As indicated in the literature section of chapter two of this research an employee's immediate supervisor or whoever is most familiar with an employee's work should carry out the rating process. But there are other possibilities

like self-evaluation, peer appraisal & and 360 degree the like. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. Respondents were asked who evaluates their performances and the response is depicted in table below.

Table 4.11. Sources of appraisal evidence

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Self appraisal	5	6.5%	0	0.0%
Subordinate	1	1.3%	0	0.0%
Immediate supervisor	57	74.0%	9	64.3%
Self appraisal & immediate supervisor	6	7.8%	5	35.7%
Peer appraisal & immediate supervisor	8	10.4%	0	0.0%
Total	77	100.0%	14	100.0%

As the above table depicts 74 % of non manager respondents indicated that PA is evaluated by immediate supervisor. 6.5%, 1.3%, 7.8%, 10.4% Self appraisal, subordinate, self appraisal and immediate supervisor and peer appraisal and immediate supervisor respectively. This is so true with mangers, 64.3% stated that it is the immediate supervisor and 35.7% self appraisal and immediate supervisor.

This shows that the majority 74 % of non manager and 64.3% of the manger respondents confirmed that PA is evaluated by their immediate supervisor. This implies that either CN is not willing to use other possibilities such as peer, customers, 360 degree PA or a combination of one or more. Because it may actually be others in order to avoid employees' balm as a result of raters bias, favoritism, lack of adequate knowledge and skill PA etc.

4.11. Employees Responses on who should be Performance Appraiser Evaluated.

Respondents were asked to indicate who should evaluate employee's performance their response is shown in table below.

Table 4.12. Performance appraiser should be

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Immediate supervisor	59	76.6%	5	35.7%
My subordinate	1	1.3%	0	0.0%
Customers	2	2.6%	0	0.0%
Immediate supervisor & employees themselves	0	0.0%	1	7.1%
Immediate supervisor, employees themselves & colleagues	7	9.1%	5	35.7%
Immediate supervisor & colleagues	8	10.4%	3	21.4%
Total	77	100.0%	14	100.0%

The above response shows that large number of non mangers 76.6% preferred PA to be evaluated by their immediate supervisors. While 1.3%, 2, 6%, 9.1%, 10.4% prefer to be PA evaluated by my subordinate, customers, by immediate supervisor and employees themselves, immediate supervisor, employee themselves and colleagues, and by immediate supervisor & colleagues respectively.

As to managers 35.7%, 7.1% ,35.7% and 21.4% of the respondents preferred to be PAE evaluated by immediate supervisor, immediate supervisor & employees themselves, immediate supervisor, employees themselves & colleagues and immediate supervisor & colleagues respectively. This implies based to the majority opinion CN's practice of using to evaluate PA is by immediate supervisor in line with the rates and the rater preference. However, the considerable numbers of respondents' especially the rater who suggested a combination of immediate supervisor with others.

On the other hand, during interview discussion made with HRD manager, he explained that in CN the current PAE practice ensure PA rated by immediate supervisor only and due to this fact some employees believe that PA is simply used by the organization to apportion blame. So to change such kind of attitude to be evaluated by their nearer supervisors or a combination of others can be a solution. In this regard, the researcher accepts the comments given by the HRM manager include in the policy when appraisal policy is amended.

4.12. Criteria of Performance Appraisal

The criterion or criteria that management choose to evaluate; when apprising employee performance will have a major influence on what employees do. Mathis and Jackson (1997 and Robbins 1998) affirmed that criteria for evaluating job performance can be classified as trait-based, behavioral based, or result based. The criteria CN uses to evaluate performance of subordinates, supervisors and managers are shown below.

Table 4.13. Criteria of Performance Appraisal in CN

Serial. no	For non-clerical Position	For clerical /professional staff	For supervisory position
1	Understanding ability	Knowledge of the job	Knowledge of the job
2	Reliability, Responsibility & Accountability	Productivity & Efficiency	Supervisory Qualities(Leadership)
3	Regularity, Punctuality& attendance	Initiative and Creativeness	Customer and Staff Relationship
4	Initiative	Responsibility, Accountability & dependency	Communication Ability
5	Discipline	Personal integrity	Management Ability (Judgment)
6	Relation with others	Effort to improve one self	Attendance Punctuality & Regularity
7		Customer and Staff Relationship	Personal integrity
8		Attendance Punctuality& Regularity	Responsibility, Accountability and dependency
9		Communication Ability	Initiative and Creativeness

The above table shows those recommended to added to the extant criteria and suggested to remove by significant number of both managerial and non managerial employees. Respondents who are recommended to add to the extant criteria suggested that: For non clerical staff, customer handling, faith, neatness, use of office equipment, For **clerical /professional staff** commitment to the work, ability to work with team, ability to work, neatness, faith, confidence and For supervisory/ managerial position: sympathy, humanity, neatness, event management, passion, expense management, problem solving ability, confidence, being visionary toward the economic development of CN. On the other hand to all job categories, job knowledge and communication are recommended to be removed for non clerical staffs no need to include discipline matter from the criteria. The reasons they presented are:

There are external factors which affect communication negatively like subordinates' behavior and attitude, ability of manager and degree of maturity is not taken in to account when performance is evaluated. Job knowledge should be verified from the very time the employee is employed. Thus, it should not be used as a criterion to evaluate performance.

The recommendation offered by respondents show that there are criteria that should be added and removed from the current performance appraisal criteria form being used by CN. The response indicates that the existing evaluation from calls for revision. CN should have revised it's from. In light with dynamic work condition, the interview discussion conducted with the human resource departments also indicated CN has not made any revision on the evaluation form so far.

4.14. Clarity and Objectivity of the Criteria

As indicates chapter two of the literature the evaluation criteria used to measure performance of employees should be clear, specific, objective and open. The appraisal system should be fair and objective to beneficial the individual employee as well as the organization; and it should be linked with other subsystems of personnel management. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown in table below.

Table 4.14. Evaluation criteria are clear & objective

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	5	6.5%	4	28.6%
Disagree	9	11.7%	3	21.4%
Neutral	20	26.0%	3	21.4%
Agree	30	39.0%	4	28.6%
Strongly agree	13	16.9%	0	0.0%
Total	77	100.0%	14	100.0%

As identified from the tables above majority 55.9% of non-manager respondents agree that the criteria are clear and objective. But; 18.2% disagreed that are clear and objective. While 26% were neutral. As to manager respondents 28.6% indicated their agreement and 50% indicated disagreement. While the remaining 21.4% were neutral.

As interview discussion made with human resource department manager explained that the criteria set in the appraisal form are clear but most criteria are subjective as a result most of the time both the supervisors as well as the employees (apprise) blaming and gave opinion to revised. Lack of clarity and objectivity of the criteria may attribute the appraiser to commit error for instance biasness; favoritism etc and due to this employee frustrate and lack confidence and as a result it influences the productivity and efficiency of the CN performance.

4.15. Customization of Evaluation Criteria, Based on Characteristic of the Job

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

Table 4.15. Form is Customized Based on Job Characteristic

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	6	7.8%	2	14.3%
Disagree	9	11.7%	6	42.9%
Neutral	13	16.9%	2	14.3%
Agree	39	50.6%	3	21.4%
Strongly agree	10	13.0%	1	7.1%
Total	77	100.0%	14	100.0%

The above table shows that large number of non mangers 63.6% agreed that CN evaluation criteria are customized based on job characteristic. While 19.5% disagreed and 16.6% were indifferent. Out of manager respondents 28.5% agreed .While 57.2% disagreed and 38.1% were indifferent.

The finding ensures that the majority of non-managers respondents said the criteria are customized based on characteristics of their job, whereas majority of managers indicated it is not customized. Thus, from the response can understand that non-managers employees of CN have differing views with regard to customization of the criteria with managers. Due to this; it is difficult to deduce whether the criteria are customized. Any ways the researcher believed that performance appraisal system should have clear link between the performance standard for a particular job and job element which have been identified through job analysis. Otherwise the organization system has deviation from PA goal.

4.16. Performance Evaluation Method used

Currently Organization uses one of the three methods to appraisal performance. These are absolute standard, relative standards and objectives Jafarietal (2009). Managers were asked about the performance appraisal method employed by CN. Their response is depicted in table below.

Table 4.16. Performance Evaluation Method Used

	Managerial	
	Frequency	Percent
Essay method	1	7.1%
Check list method	9	64.3%
Graphic rating scale	4	28.6%
Total	14	100.0%

As shows from the table above the majority 64.3% of managers' reveals that CN is making use of Checklist PE method. While 28.6% of managers indicate are using graphic rating scale. 7.1% said that Essay method. But CN performance evaluation form shows that it is graphic rating scale. From the response one can understand the large majority managers' response indicates that they are not aware of the type of performance evaluation method are using to evaluate their subordinates performance.

4.17. Employees' Understanding of Benefits of PA

As can be observed from chapter three of the literature section if we handle PA properly, performance appraisal benefits both the employees and the organization. Respondents were asked the understanding of the benefit of performance evaluation their response is presented in the table below.

Table 4.17. Understand the benefit of performance evaluation

	Frequency	Percent	Frequency	Percent
Strongly disagree	3	3.9%	3	21.4%
Disagree	2	2.6%	1	7.1%
Neutral	11	14.3%	2	14.3%
Agree	37	48.1%	6	42.9%
Strongly agree	24	31.2%	2	14.3%
Total	77	100.0%	14	100.0%

As table shows the majority 79.3% of non-manager respondents agreed that they understand the benefit of performance appraisal to the employees and the organization, While.6.5% said don't understand and 14.3% indicates were indifferent. Of managers, the large majority

57.2% agreed that their subordinates understand what benefit PA has to the employees and the organization. While 28.5% disagreed and 14.3% were indifferent. This implies that CN employees' having adequate Knowledge about the benefit of PA, result employees can cooperation in the execution process. However, in this regard the researcher believes that all the appraisers and the apprise (The employees) should know the benefit of PA.

4.18. Challenges of PA in CN

As explained in the literature part of the study challenges of PA can be of three general types. These related to raters, problems of criteria, and problems of rate (employees)..In line with this, respondents were asked to indicate the challenges believe are prevalent in CN PA practice and their response is shown in the table below.

Table 4.18. Challenges of appraisal system

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Lack of rater ability to evaluate employee performance	6	7.8%	1	7.1%
No link between some evaluation criteria & employee job	9	11.7%	0	0.0%
Rater bias in evaluating performance	6	7.8%	1	7.1%
Absence of employee participation in setting performance evaluation criteria	7	9.1%	0	0.0%
Lack of communication performance standards & expectation to the employees	0	0.0%	1	7.1%
All	19	24.7%	8	57.1%
All except "B"	18	23.4%	3	21.4%
All except "A"	12	15.6%	0	0.0%
Total	77	100.0%	14	100.0%

As shown in the table above, the large majority 24.7% of non-manager and 57.1% manager respondents indicated that the challenges they believe lack of rater ability to evaluate

employee performance, no link between some evaluation criteria & employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria and lack of communication performance standards & expectation to the employees.

While 7.8%, 7.8%, and 23.4%, of non manager and 7.1%, 7.1% and 21.4% manager respondents said that CN PAE challenges are lack of rater ability to evaluate employee performance, rater bias in evaluating performance, all listed problem except no link between some evaluation criteria & employee job respectively.

The remaining 11.7%, 9.1% and 15.6% of non manager respondents said that no link between some evaluation criteria & employee job, absence of employee participation in setting performance evaluation criteria and all the problems mentioned   except lack of rater ability to evaluate employee performance are the challenges while 7.1%of manager respondents also mentioned lack of communication performance standards & expectation to the employees is respectively problem of CN PAE.

The interview discussion made with HR manager, challenges of PA in CN are categorized: the criterion for all clerical and non clerical employees are the same, it is also subjective and more qualitative and evaluation relied on manager only and (immediate supervisor) appraiser will. In addition some appraiser lack focus and shows careless when they made PE. Moreover, he indicates that there are instances where their supervisor or manager reports that a certain staff is not able to perform toward expectation and performance and at the same time rating him/her at an average for fear that he/her might miss the benefit package. This show rating is carelessly done and is not strict.

4.19. Employees Participation in PA Process

In our modern era of management, employees' participation is becoming a basic issue. If employees participate in PA process, can develop sense of ownership and empowerment and hence increases productivity. They can also aware what is expected of them. In line with this, the respondents were asked to indicate the level of employees' participation in PA process .Accordingly; their response is shown in the table below.

Table 4.19. Participation in the appraisal process

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, always	7	9.2%	0	0.0%
Yes, sometimes	24	31.6%	7	50.0%
Neutral	14	18.4%	0	0.0%
No, not at all	32	42.10%	7	50.0%
Total	76	100.0%	14	100.0%

The above table shows that 9.2% of non-manager respondents said that always they have participation in the appraisal process.31.6% sometimes they have participation and 18.4% reported neutral and the large majority 42.1% respondents confirmed that no at all having access to participation in the appraisal process. Of manger respondents 50% said that sometimes have access to participation. While 50% respondents revealed have no access to participation.

From the responses, it is possible to say that large number (both manager and non-manager) of respondents confirmed that employees have no room to participate in the appraisal process. Absence or irregularity of employees' participation in the appraisal process may result employees frustration, lack of belongingness and absence of sense of ownership to the organization. This also affects the productivity and efficiency of employees as well as the organization.

4.20.IN CN Performance Appraisal Serves its Purpose

Organizations conduct PA for several purposes. Among various purposes, the most is being used for purpose of and developmental and administration decision. In the former for instance training of employees and transfers etc and the latter for example salary, promotion, and termination etc (Ikramullah, 2012), In line with this, the respondents were asked to indicate the level of agreement and .accordingly; their response is shown in the table below.

Table 4.20. Performance evaluation system is serving its purpose

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	20	26.0%	2	14.3%
Disagree	18	23.4%	6	42.9%
Neutral	22	28.6%	2	14.3%
Agree	10	13.0%	4	28.6%
Strongly agree	7	9.1%	0	0.0%
Total	77	100.0%	14	100.0%

As indicated in the above table, the majority non manager 38(49.4%) respondents disagreed about the PA serves its purpose. While17 (22.1%) agrees and others 22(28.6%) were indifferent. Of manager the large majority, 8 (57.1%) disagreed about the PA serves its purpose.4 (28.6 %) agreed and others 2(14.3%) were indifferent.

In line with this the interview discussion conducted with HR department manager of CN indicated that performance appraisal result us being used for more of the purpose of annual salary increment, and bonus declaration and promotion. Moreover, a little bit used for training purpose hence not meet the purpose as result aborted. From this one can understand that, the PA purpose of CN is for administrative only. It is not in line with the theoretical /philosophical concept of the use of PAS.

4.21. Uses of Performance Appraisal

Respondent responses on what should be the primary purpose of employee performance appraisal in CN stated on the first table here in below and also the current Purpose of performance appraisal evaluation in CN summarized in the next table.

There are potentially many reasons for undertaking PA. (Ikramullah, 2012), asserted that PA is being used for purpose of administration decision relating to (salary, promotion, retention or termination, layoff) and developmental decisions like (training of employment, furnishing appraisal with regular performance feedback employees' transfers, determining employees strengths and weakness).

Respondents were asked their view **on the current use of performance appraisal evaluation** and what purpose performance evaluation result should be used. Their response is shown in the table below.

Table 4.21.Current use of PA in CN and the current use should be of performance appraisal evaluation

S.N.		Non Managerial					Managerial				
		1	2	3	4	5	1	2	3	4	5
1	Motivate employees	1.3%	1.3%	1.5%	33.8%	48.1%	0.0 %	0.0 %	0.0%	14.3%	85.7%
2	improve employee competence	1.3%	1.3%	16.9%	36.4%	44.2%	0.0%	7.1%	7.1%	42.9%	42.9%
3	improve quality of work	0.0%	1.3%	11.7%	32.5%	54.5%	0.0%	0.0%	7.1%	28.6%	64.3%
4	to give promotion	1.3%	5.2%	13.0%	39.0%	41.6%	0.0%	0.0%	0.0%	64.3%	35.7%
5	decide on employee salary revision	3.9%	5.2%	6.5%	51.9%	32.5%	0.0%	0.0%	0.0%	50.0%	50.0%
6	identify employee training needs	0.0%	2.6%	9.1%	39.0%	49.4%	0.0%	0.0%	0.0%	7.1%	92.9%
7	decide employee transfer	36.4%	23.4%	20.8%	9.1%	10.4%	0.0%	42.9%	50.0%	7.1%	0.0%
8	take disciplinary measure	22.1%	23.4%	22.1%	11.7%	20.8%	7.1%	78.6%	7.1%	7.1%	0.0%
9	give	0.0%	5.2%	9.1%	23.4%	62.3	0.0%	0.0	0.0%	0.0%	100.0

	reward such as bonus, gift, etc.				%	%		%			%
1	motivate employees	48.1%	18.2%	3.9%	13.0%	16.9%	0.0%	47.1%	17.1%	35.7%	0.0%
2	improve employee competence	51.9%	19.5%	6.5%	14.3%	7.8%	37.1%	24.3%	7.1%	31.4%	0.0%
3	improve quality of work	35.1%	18.2%	6.5%	28.6%	11.7%	50.0%	7.1%	0.0%	42.9%	0.0%
4	give promotion	7.8%	3.9%	13.0%	41.6%	33.8%	30.0%	0.0%	9.1%	53.7%	7.1%
5	decide on employee salary revision	11.7%	6.5%	22.1%	29.9%	29.9%	7.1%	7.1%	7.1%	57.1%	21.4%
6	identify employee training needs	44.2%	45.5%	5.2%	2.6%	2.6%	60..3%	30.7%	9..0%	0.0%	0.0%
7	decide employee transfer	26.0%	24.7%	19.5%	20.8%	9.1%	37..1%	32..9%	0.0%	20.0%	10.0%
8	take disciplinary measure	20.8%	33.8%	10.4%	19.5%	15.6%	10..6%	41.4%	0.0%	30.0%	18..0%
9	give reward such as bonus, gift	1.3%	2.6%	5.2%	23.4%	67.5%	0.0%	0.0%	0.0%	0.0%	100.0%

As depicts on the table above out of 77 non-manager respondents the large majority 88.4%, 87%, 85.5%, 84.4%, 81.9%, 80.6%, and 80.6%, believe and ranked the highest that PA

should serving for to identify employee training needs, to improve quality of work, to give reward such as bonus, gift, etc, to decide on employee salary revision, to motivate employees, to give promotion and to improve employee competence ranked respectively. And to decide employee transfer and to take disciplinary measure ranked the least 19.5%, and 32.5% respectively.

Of 14 manager all, agreed that 100% serving to give motivate employees, to give promotion, to identify employee training needs and to decide on employee salary revision and to give reward such as bonus, gift, etc. 92.9% and 85.8% the respondents also suggested that the purpose should to improve quality of work and to improve employee competence respectively. The remaining and ranked the least 7.1% and 7.1% said that for to decide employee transfer and to take disciplinary measure respectively.

On the other hand respondent view on the current use of performance appraisal evaluation as depicted above on table here in above out of 77 non-manager respondents the large majority 90.9%, 75.4%, and 59.8% believe and ranked the highest that the current use of performance appraisal evaluation in CN is serving for to give reward such as bonus, gift, etc, to give promotion and to decide on employee salary revision respectively. The rest respondents ranked the least PA uses 5.2%, 22.1%, 29.9%, 29.9%, 35.1%and 40.3% to identify employee training needs, to improve employee competence, to motivate employees, to decide employee transfer, to take disciplinary measure and to improve quality of work respectively.

Of manager respondents, the majority agreed that 100% serving for give reward such as bonus, gift, etc.78.5% and 60.8% for to decide on employee salary revision to give promotion respectively. The remaining and ranked the least 48%, 42.9%, 35.7%, 31.4%, and 30% and said to take disciplinary measure, to improve quality of work, motivate employees, to improve employee competence and to decide employee transfer respectively.

In line with this the interview discussion conducted with the HR manager of CN indicated that PA result us being used for the purpose of salary increment, bonus declaration , promotion and seldom to identify employee training needs.

From this it is possible to understand that the CN uses performance evaluation result in line

with what employs believe should be used for. In the CN uses it for another purpose than what employees believe should be used for. Employees will be dissatisfied and dissatisfied employees will not perform their activity enthusiastically toward achievement of organizational goal.

CN uses PA results mainly for monetary compensation for salary increment, payment bonus and promotion. And it shows CN currently use PA for administrative purpose.PA is determining its purpose, and these purposes co purpose should be grouped in to two categories. Administrative and development.

Pursuant to the researcher the primary purpose of the CN employee performance appraisal should be to improve quality of work as it is prioritized and ranked first and second and third were to reward outstandingly compete tent employees and to improve employees to their job respectively.

4.22. Fairness and Transparency

As indicated in the literature part of the study PA should be fair and transparent. Fairness and transparent are emphasized more specifically, trust and confidence will be developed if management act fairly, equitably and consist is implemented; etc. Regarding to the fairness and transparency of PA system in CN, the response of respondents is shown in table below.

Table 4.22. Fair & transparent PA

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	8	10.4%	3	21.4%
Disagree	15	19.5%	1	7.1%
Neutral	28	36.4%	3	21.4%
Agree	17	22.1%	5	35.7%
Strongly agree	9	11.7%	2	14.3%
Total	77	100.0%	14	100.0%

As table above shows, 33.8% of non-manager respondents agreed that have fair & transparent appraisal in the organization. While 29.9% of respondents said no fair &

transparent appraisal and the majority respondents 36.4% were neutral. Of managers, 50% agreed that have fair & transparent appraisal. While 28.5% disagreed and 21.4% become indifferent. According to these descriptions, the large number of non-manager respondents 'were neutral position and significant numbers of manager and non manager respondents disagreed therefore due to this it is not negligible.

4.23. Ability of Performance Appraisal to Help Employees to Improve Job Performance

The ultimate goal of PA is administrative and developmental. Improving job performance mean improving job quality and employees efficiency. This can be achieved through giving training and human resources development Gomez-Mejia (2008). The respondents were asked to indicate the ability of performance appraisal to help employees to improve job performance. Accordingly; their response is shown in the table below.

Table 4.23. Evaluation help to improve performance

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	7	9.1%	2	14.3%
Disagree	16	20.8%	3	21.4%
Neutral	21	27.3%	1	7.1%
Agree	22	28.6%	6	42.9%
Strongly agree	11	14.3%	2	14.3%
Total	77	100.0%	14	100.0%

The majority 42.9% of non-manager respondents agreed that PA in their organization was helping them to improve their jobs. While 29.9% disagreed and 27.3% were neutral. Of managers the large majority, 57.2% agreed. While 35.7% disagreed and 7.1% become indifferent. On the other hand, as interview discussion made with HR department manager, CN practice of evaluating employees to improve their job was not adequate enough. However, pursuant to researcher opinion considerable number of non manager who held neutral position and disagreed is not negligible need management intervention.

4.24. Perception of Respondents Regarding the Valid, Reliable and Consistent PA.

The respondents were asked to indicate the valid, reliable and consistent PA in CN. Accordingly; their response is shown in the table blow.

Table 4.24. Valid, reliable & consistent appraisal

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	7	9.1%	2	14.3%
Disagree	37	48.1%	8	57.1%
Neutral	11	14.3%	0	0.0%
Agree	14	18.2%	3	21.4%
Strongly agree	8	10.4%	1	7.1%
Total	77	100.0%	14	100.0%

The above table revealed that, the majority 57.2 % of non manager respondents that CN PAE has not valid, reliable and consistent .While 28.6% agreed the remaining 14.3 % were neutral. Of manager, the large majority respondents 71.4 % disagreed about the validity, reliability and consistency of PA in CN and 28.5 % agreed.

PAs are intended to evaluate performance and potential of employees. As indicated in literature part, for an appraisal system measuring criteria should possess validity and reliability and should be job related. When more subjective criteria are used the evaluation become less valid for decision making and care guidance. In addition, respondents are more effective if measure of an employee's performance in terms of how well specified jobs standards are met. Furthermore appraisal of employees should carry on free from bias and favoritism etc.

4.25. Respondents' View Regarding Pre-Appraisal Discussion

As indicated in the literature review, pre-appraisal discussion with employees is important condition on the process of employee evaluation. In line with this, the respondents were asked to indicate the view regarding pre-appraisal arrangement**.** Accordingly; their response is shown in the table below.

Table 4.25. Pre-appraisal meeting

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, often	6	7.8%	0	0.0%
Yes, sometimes	23	29.9%	3	21.4%
Neutral	14	18.2%	0	0.0%
Not at all	34	44.2%	11	78.6%
Total	77	100.0%	14	100.0%

7.8 % of non-manager respondents confirmed that there is often pre-appraisal meeting was held before PAE conducted. While 29.9% sometimes, 18.2% were neutral and the majority 44.2% said there is no pre-appraisal arrangement at all. Of manager, 21.4% respondents indicated that sometimes there was pre-appraisal arrangement. The majority 78.6% reported that at CN not at all pre-appraisal meeting conducted. Therefore, the large majority respondents indicate that at CN rate (employees) has no opportunity to discuss with their appraisers and comment on how their performance was appraised. They had no opportunity to identify the aspects of their performance on which their ratings were based.

4.26. Whether Employees had Trust and Confidence in Appraisers

The respondents were asked to indicate as to whether employees had trust and confidence in appraisers or not. Accordingly; their response is shown in the table below.

Table 4.26. Trust & confidence in appraisers

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, to some extent	23	29.9%	3	21.4%
Neutral	9	11.7%	0	0.00%
Yes, I have strong trust & full confidence	11	14.3%	4	28.6%
No, I have no trust & confidence	34	44.2%	7	50.0%
Total	77	100.0%	14	100.0%

The above table revealed that non manager 44.2 % reported they have no trust and confidence on CN appraisers. While 29.9% of respondents said that to some extent they have trust and confidence 14.3 % reveled that they have strong trust and full confidence on CN appraisers and 11.7% were indifferent. Of manager respondents the majority 50 % revealed that have no trust and confidence, on their appraisers. While 21.4 % said that to some extent they have trust and confidence and 28.6 % confirmed that have strong trust and full confidence.

4.27. Respondents' view on causes of employees' mistrust and loss of confidence in some extent and not at all are shown in the table below.

Table 4. 27. Reason for Lack of Trust and confidence

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Do not see the value of the appraisal	7	12.3%	1	10.0%
Do not have skills appraisal	11	19.3%	1	10.0%
Maintain bias and favoritism	27	47.4%	5	50.0%
All	12	21.1%	3	30.0%
Total	57	100.0%	10	100.0%

As indicated in the above table, the majority 47.4% of non manager and50.0% manager respondents ensured that the practice of PA in CN manifested by appraisers bias and favoritism. 19.3% of non manager and 10.0% of manager respondents said that appraisers did not have skills. Appraisers .While 12.3% of non manager and 10.0% of manager respondents ensured that Do not see the value of the appraisal. The reaming 21.1%of non manager and 30.0%of manager respondents confirmed that all the three can be possible causes.

According to the interview held with HR manager, the note taking practice on employees' daily performance might have been important for appraisers to avoid decency bias. In addition, gives training continuously for supervisors and the respective subordinates deeply help to improve or avoid mistrust and loss of confidence of the rater. Otherwise even if a

well-designed performance evaluation system may result ineffective due to less attention, the little knowledge of skill and bias and favoritism on the side of appraiser's ltartmann. F (2010).

4.28. Respondents' Opinion to Wards Post- Appraised Situation

Post appraisal meeting is essential component of an appraisal system. And it is important to employees for develop their current level of performance essential component of an appraisal system and also to take proper actions to minimize or totally avoid the gaps. The respondents were asked to indicate the view regarding post-appraisal arrangement. Accordingly; their response is shown in the table below.

Table 4.28. Post -appraisal meeting

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, often	10	13.0%	4	28.6%
Yes, sometimes	50	64.9%	10	71.4%
No, not at all	17	22.1%	0	0.0%
Total	77	100.0%	14	100.0%

As shows in the table above, 13.0 % of non-manager respondents and 28.6% of manager respondents indicates at CN there is often post-appraisal meeting conducted after rate (employees) filed PA form. While the majority 64.9% non manager and 71.4% of manager respondents said sometimes, and 22.1 % the non manager respondents indicated not at all. The response shows the majority number of respondents (both managerial and non-managerial) confirmed that employees sometimes have access to post-appraisal meeting. It would be, therefore, realized that most employees were deprived of feedback about their past performance always. Post appraisal interviews with employees are important task and should undertake always not sometimes. Because during post appraisal meeting one can get the chance to know his current level of performance. It gives the chance to develop their current level of performance, and take proper actions to his weakness.

4.29. Respondents' Opinion towards Post -Appraised Meeting Time

According to Armstrong. M (2009), appraiser after make PA should immediately give

feedback to the rate (employees) in order to improve his gaps , strength or capitalize the existing performance. Employees' opinion towards post-appraised meeting time depicted in table below.

Table 4. 29. Post -appraisal meeting time

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Immediately after appraisal	14	25.9%	2	14.3%
After many days of appraisal	6	11.1%	0	0.0%
Whenever employees request for it	22	44%	2	14.3%
When the appraiser feels it appropriate	8	14.8%	0	0.0%
Whenever employees request for it & When the appraiser feels it appropriate	4	7.4%	10	71.4%
Total	54	100.0%	14	100.0%

As depicts in the table above, 25.9 % of non-manager and 14.3%of manager respondents indicated that Post appraisal meeting were held immediate after conducted appraisal. While 11.1% of non manager said that after many days of appraisal. The large majority 44% of non manager and the least respondents said that whenever employees request for it .14.8% of non manager indicated that when the appraiser feels it appropriate.7.4% of non manager and the large majority of manager respondents confirmed that whenever employees request for it & when the appraiser feels it appropriate.

From this we can deduce mostly post appraisal meeting held in CN not immediately after PA conducted. This means post appraisal discussion determines on the good will of appraisers Moreover, the finding shows that mostly there is a situation in which employees themselves initiated post-appraisal discussion while it should have been the responsibility of appraisers to regularly call appraises for such discussions.

4.30. Respondents' Opinion towards Post- Appraised Discussion Focus Area

The respondents were asked to indicate the opinion towards pos-appraisal discussion focus Area. Accordingly; their response is shown in the table below.

Table 4.30. Post- appraisal discussion focus area

	Non Managerial		Managerial		
	Frequency	Percent	Frequency	Percent	
Performance strength of employee	3	5.0%	0	0.0%	
Performance weakness of employee	16	26.7%	1	7.1%	
Both weakness and strength of employee	41	68.3%	13	92.9%	
Total	60	100.0%	14	100.0%	

As depicts in the table above, 68.3% of non manager and of 92.9% manager respondents pointed out that post appraisal discussion were held between appraisers and employees in both weakness and strength of employees. While 26.7% of non manager and 7.1% manager focus only Performance weakness of employee. And 5.0% on non manager respondents said that focus area were performance strength of employee. From this it is possible to understand those CN Post appraisal discussion focus areas align with the theoretical concept of Employees PA.

4.31. The Advice or Supports of Appraisers Often Focus

Respondents' opinions towards the advice or supports of PA practice depicts in table below.

Table 4.31. Focus of post-appraisers advice or support

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
How the strength of performance can be capitalized	6	9.8%	1	7.1%
How weakness of performance can be improved	30	49.2%	1	7.1%
How acceptable level of performance can be maintained	21	34.4%	8	57.1%
How the strength of performance can be capitalized & How weakness of performance can be improved	4	6.6%	4	28.6%
Total	61	100.0%	14	100.0%

As shows in the table above, the majority 49.2% of non manager and 57.1% of manager respondents revealed that advice or supports of appraisers relied on how weakness of performance can be improved, how acceptable level of performance can be maintained respectively. While 57.1% of non manager and 7.1% said that how the strength of performance can be capitalized. And 6.6% of non manager and 28.6% of manager respondents indicated that both how the strength of performance can be capitalized & how weakness of performance can be .he remaining of 34.4% of non manager said that how acceptable level of performance can be maintained while 7.1% of manager reported how weakness of performance can be improved. Thus as it has been described in the literature part, initiating necessary corrective actions is an important aspects in the appraisal process. It includes guiding, counseling and couching the employee in order to how the strength of performance can be capitalized & How weakness of performance can be improved.

4.32. Basis of Employees Evaluation

The respondents were asked to indicate as to whether employees evaluated based on his/her performance rather them his/her personality. Accordingly; their response is shown in table below.

Table 4.32. Evaluation based on performance

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Yes, often	20	26.0%	1	7.1%
Yes, sometimes	30	39.0%	13	92.9%
Neutral	14	18.2%	0	0.0%
No, not at all	13	16.9%	0	0.0%
Total	77	100.0%	14	100.0%

From the above table, one can infer that the majorities 39.0 % of non manager and 92.9% of manager respondents said that, sometimes CN employees evaluated based on his/her performance rather them his/her personality. While 26.0% of non manager and 7.1% manager reveled often.16.9% of non manager indicated that not at all. While 18.2% of non manager respondents were indifferent. This implies that employees lack confidence to the appraiser

and have a negative impact on the achievement of organization missions and visions.

4.33. Accurate Evaluation to Reward or Penalize.

Employees' satisfaction is grown when PAE done accurate. Employees who failed to perform the assigned task employer should give development activities for example training, seminar, workshop etc in order to improve their performance. On the other hand, penalizing (transfer, imposed fine, demotion or termination etc) who failed to do the assigned task is important to correct their behavior. Respondents were asked accurate evaluation to reward or penalize. The respondents were asked to indicate as to whether employees evaluated accurately to reward or penalize. Accordingly; their response is shown in table below.

Table 4. 33 Accurate evaluation to reward or penalize

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	6	7.8%	1	7.1%
Disagree	13	16.9%	2	14.3%
Neutral	30	39.0%	2	14.3%
Agree	19	24.7%	5	35.7%
Strongly agree	9	11.7%	4	28.6%
Total	77	100.0%	14	100.0%

As shown in the table above, 36.4% of non manager and the majority of manager 64.3% respondents pointed out that in CN it has accurate evaluation to reward or penalize. While 24.7%of non manager and 21.4% manager respondents disagreed. And the majorities 39% of non manager respondents were neutral. Of managers 14.3% indicated neutral.

Interview conducted with CN HR department manager the practice of CN revealed the overall system of evaluation for instance the subjectivity of the criteria, sometimes PAE is based on personality, and bias and favoritism etc lead inaccurate evaluation.

4.34. Performance Appraisal is Used to Motivate Subordinate through Negotiation & Support.

After conducted PAE, appraiser gave feedback to employees to motivate through recognition and support. Support of employees focused on developmental activity although performance management task of the reward system by providing of feedback and recognition and sort out the opportunities for narrow their gaps and enable growth. It may be associated with performance based pay but its development aspects are much more important Armstrong (2009). The respondents were asked to indicate as to whether employee's appraisal is used to motivate subordinate through negotiation & support. Accordingly; their response is shown in table below.

Table 4.35. Effective communication skills of rater

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	13	16.9%	2	14.3%
Disagree	31	40.3%	5	35.7%
Neutral	15	19.5%	2	14.3%
Agree	10	13.0%	3	21.4%
Strongly agree	8	10.4%	2	14.3%
Total	77	100.0%	14	100.0%

The above table shows, the majority 57.2% of non manager and 50% of manager respondents disagreed that CN rater have and can utilizes his/her effective written /verbal communication skills in the formal appraisal process. While 23.4% of of non manager and 35.7% of manager agreed. 19.5%, 14.3% of non managers, manager were indifferent respectively.

As interview discussion made with HR department manager, asserted that there is no procedure to record employees' activities and behavior continuously. The only material that has distributed to supervisors is the PA report from. From the above result one can conclude that CN appraiser have a limitation to handle fair performance appraisal evaluation due to lack of effective written /verbal communication skills.

4.36. Rater Frequently let me Know I Am Doing

Respondents were asked whether Rater frequently let me know I am doing .The response is shown in the table below.

Table 4.36. Rater frequently let me know I am doing

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	8	10.4%	2	14.3%
Disagree	33	42.9%	7	50.0%
Neutral	15	19.5%	3	21.4%
Agree	12	15.6%	1	7.1%
Strongly agree	9	11.7%	1	7.1%
Total	77	100.0%	14	100.0%

As shows in the table above, the majority 53.3 % of non manager and 64.3% of manager respondents did not agreed about their rater frequently lets them know what they are doing. While 27.3 % of non manager and 14.2 % agreed that they do.19.5%, 21.4%non manager, manager respondents were neutral respectively. Hence, it shows that the large majority of employees are performing their day to day tasks without having a clear direction about what they are going to do. Thus, it has a negative impact on employees as well as companies appraisal effectiveness.

4.37. Whether Performance Evaluation Considered as Important Task by Supervisors

If not appropriately handled that PA in an organization would be a waste of time and resources. Respondents were asked whether performance evaluation considered as important task by supervisors are shown the table below.

Table 4.37. Performance evaluation considered as important task by rater

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Strongly disagree	13	16.9%	1	7.1%
Disagree	32	41.6%	8	57.1%
Neutral	6	7.8%	0	0.0%
Agree	16	20.8%	3	21.4%
Strongly agree	10	13.0%	2	14.3%
Total	77	100.0%	14	100.0%

As shows in the table above, the majority 58.5 % of non manager and 64.2% respondents disagree that whether CN supervisors considered performance evaluation as important task. While 33.8 % of non manager and 35.7% agreed that CN supervisors considered PE as important task. And 7.8%, non manager respondents were neutral. Moreover, in this regard CN HR department manger also ensure the practice shows same to the majority respondent.

From the response we can infer that the majority of the respondents do not believe that CN supervisors (rater) have not given proper attention to PAs of employees under their supervision. Therefore, this shows that a performance appraisal is considered a waste of time in the organization.

4.38. Impact of Appraisal in Improving Employee's Performance

Respondents were asked whether the appraisal system of CN improving employees performance or not are shown the table below.

Table 4.38. Impact of appraisal in improving employee's performance

	Non Managerial		Managerial	
	Frequency	Percent	Frequency	Percent
Low	41	53.2%	8	57.1%
Moderate	30	39.0%	6	42.9%
High	6	7.8%	0	0.0%
Total	77	100.0%	14	100.0%

As depicts in the table above, the majority of non manager 53.2 % and 57.1% said that the impact of CN appraisal system in respect to improving employee's performance has low contribution. While 39.0% of non manager and 42.9% indicated that moderate. 7.8% of non manager respondents were reported high contribution.

CHAPTER FIVE: SUMMARY, CONCLUSIONS OF THE MAJOR FINDINGS AND RECOMMENDATION

This chapter deals with the summary, conclusions of the major findings of the study and based on the findings provided recommendations.

5.1. Summary of major findings

➢ Almost all respondents 96.1% of non-managers and 100 % of managers reported that CN employee PA has been taking place twice a year. Managerial respondents were asked to indicate their preference of frequency of PA the majority 57% suggested that PA should be conducted every three months in a year.

➢ Majority of non managers 57.2% and managers 78.6% disagreed on participation evaluation form design.

➢ 75.3% of non-manager and 92.9% manger respondents said that always have access to see their PA result.

➢ The majority 58.5% of non-managers and 54.3% respondents agreed that can appeal to higher officials if they believe their evaluation result was unfair.

➢ The large majority of non-manager (40.3%) and 85.8 % of manager respondents ascertain that employees receive timely feedback from their appraiser.

➢ The majority 39 % of non-manager and 57.1% of manager respondents agreed that CN supervisors give similar ratings to all employees

➢ As depicts 37.7% of the non-manager and 78.6% of manager respondents agreed that their raters keep records

➢ The findings indicated that the majority 74 % of non manager and 64.3% respondents reported that currently the only ways of performance evaluation in CN is being done by immediate supervisors. And majority of non mangers 76.6% and 35.7% manager respondents preferred PA to be evaluated by their immediate supervisors for the future also.

➢ The findings indicate that there are performance evaluation criteria that should be added to and removed from the current form used by CN.

➢ It was found that the majority of 55.9% non-manager respondents agreed that CN PA

criteria are clear and objective; but 50% manager respondents are disagreed about it and while 21.4% were neutral.

➢ The finding ensures that the majority 63.6% of non-managers respondents said the criteria are customized based on characteristics of their job. Whereas majority of managers 57.2% indicated it is not customized.

➢ From the research we can deduce that the large majority 64.3% manager respondents of CN raters are not aware of the type of performance evaluation method they are using to evaluate their subordinates performance.

➢ The large majority 79.3% of non-manager and 57.2% of manager respondents agreed that CN employees have understanding about the benefits of PA.

➢ We found that the majority 49.4% of non manager and 57.2% of manager respondents disagree about the performance appraisal serves its purpose.

➢ The large number 50% of manager and 33.8% of non-manager revealed that there were fair and transparent appraisal in CN

➢ The research confirms the majority 42.9% of non manager and 57.2% of manager respondents agreed that PA in CN helping them to improve employees jobs performance.

➢ The large majority 57.2 % non manager and 71.4 % of manager respondents ensure that PAE in CN is not valid, reliable and consistent.

➢ **From** the findings of the research we can understand that the majorities 39.0 % of non manager and 92.9% of manager respondents said that, sometimes CN employees evaluated based on his/her performance rather them his/her personality.

➢ The majority 36.4% of non manager and 64.3% of manager respondents pointed out that in CN it has accurate evaluation to reward or penalize.

➢ Majority 42.9% of non-manager and 64.3% of manager respondents disagreed that performance appraisal in CN is used to motivate subordinate through negotiation & support.

➢ As observed from the findings the majority 53.3 % of non manager and 64.3% of manager respondents' disagreed about their rater frequently lets them know what they are doing.

➢ From the response we can infer that the majority 58.5 % of non manager and 64.2%

of manager respondents do not believe that CN supervisors (rater) have not given proper attention to PA of employees under their supervision.

➢ As shown from the finding the majority 53.2 % of non manager and 57.1 %of manager respondents said the CN PA system has low contribution to the existing performance.

➢ The majority 66.9% of non manager and 71.4% of manager respondents said in CN sometimes post-appraisal meeting conducted. And as per majority 44% of non manager and 71.4% of manager respondents indicated that post appraisal were held whenever employees request for it and whenever employees request for it & When the appraiser feels it appropriate respectively. Regarding post-appraisal focus area the large majority 68.3% of non manager and 92.9% reported that post-appraisal focus on both weakness and strength of employee. As depicts the advice and support majority 49.2% of non manager and 57.1% of manager respondents indicated that how weakness of performance can be improved and how the strength of performance can be capitalized.

➢ Majority 44.2 % of non manager and 50 % of manager respondents said have no trust and confidence, on CN appraisers. Regarding causes of employees' mistrust and loss of confidence in some extent and not at all in CN in the side of raters the majority 47.4 % of non manager and 50% on manager respondent's bias and favoritism of appraisers were ranked first.

➢ The research indicates that 44.2% of non manager and 78.6% of manager respondents CN rate (employees) has no opportunity to discuss with their appraisers and comment on how their performance was appraised.

➢ From the responses, it is possible to say that majority 40.8% non manager and half 50% of manager confirmed that employees have no room to participate in the appraisal process.

➢ It was found that the majority 24.7% of non manager and 57.1% of manager respondents indicated that PA challenges in CN includes no link between some evaluation criteria and employee job, rater bias and favoritism in evaluating performance, absence of employee participation in setting in performance appraisal criteria and lack of rater ability to evaluate employee performance.

➤ As depicts on the table above the large majority non-manager respondents 88.4%, 87%, 85.5%, 84.4%, 81.9%, 80.6%, and 80.6%, believe and ranked the highest that PA should serving for to identify employee training needs, to improve quality of work, to give reward such as bonus, gift, etc, to decide on employee salary revision, to motivate employees, to give promotion and to improve employee competence ranked respectively. And to decide employee transfer and to take disciplinary measure ranked the least 19.5%, and 32.5% respectively.

Of 14 manager agreed that 100% PA should serving to give motivate employees, **to** give promotion **,**to identify employee training needs and to decide on employee salary revision and to give reward such as bonus, gift, etc. 92.9% and 85.8% the respondents also suggested that the purpose should to improve quality of work and to improve employee competence respectively. The remaining and ranked the least 7.1% and 7.1% said that for to decide employee transfer and to take disciplinary measur**e** respectively.

On the other hand respondent view on the current use of performance appraisal evaluation as depicted above on table above the large majority non-manager respondents 90.9%, 75.4%, and 59.8% believe and ranked the highest that the current use of performance appraisal evaluation in CN is serving for to give reward such as bonus, gift, etc, to give promotion and to decide on employee salary revision respectively. The rest respondents ranked the least PA uses 5.2%, 22.1%, 29.9%, 29.9%, 35.1%and 40.3% to identify employee training needs, to improve employee competence, to motivate employees, to decide employee transfer, to take disciplinary measure and to improve quality of work respectively.

Of manager respondents, the majority agreed that 100% current uses for give reward such as bonus, gift, etc.78.5% and 60.8% for to decide on employee salary revision to give promotion respectively. The remaining and ranked the least 48%, 42.9%, 35.7%, 31.4%, and 30% and said to take disciplinary measure, to improve quality of work, motivate employees, to improve employee competence and to decide employee transfer respectively. The above result shows that the current uses of PAE in CN is serving administrative but employees believe should both administrative and developmental purpose.

5.2. Conclusions

CN would hardly consider as a developmental purpose since it would be very difficult to secure comprehensive data on employees' performance only two sessions.

➤ Absence or irregularity of employees' participation in the form design and participation in the appraisal process may result employees frustration, lack of belongingness, the appraiser may lack a full picture about the employee and absence of sense of ownership to the organization. This also affects the productivity and efficiency of employees as well as the organization.

➤ Considerable numbers of respondents lack access to see their PA mean not negligible. Disclosing the results of performance results helps the supervisors to give feedback to the subordinate on the performance and performance related behaviors. Therefore, employees have the rights to have access to see their performance appraisal result.

➤ Significant number of respondents blame are not right to appeal to higher officials and preferred to held neutral position. Numerous factors can attribute to Performance appraisals result can be biased or inaccurate. Therefore, when it becomes a case there should be mechanism to appeal to higher officials.

➤ Significant number of respondents blaming that appraiser not provides feedback timely and some of them having neutral position One of the essential purposes of PA evaluation is by informing PA result to the employees immediately as soon as possible can improve employee's limitation and achieves organization objectives otherwise it is wastage of time.

➤ When all employees are given similar ratings, high performers will get frustrated, to decrease the motivation, etc while low performers will be reinforced to keep on the same performance level. This will hinder the performance of the organization as well.

➤ Considerable numbers of respondents' disagreed about raters keep file of what their subordinates have done during PA period and some are neutral. This implies that rating employees without keeping records leads to recent error, focusing only on recent happening.

➤ In CN PAE conducted by immediate supervisor only. This implies that either CN is

not willing to use other possibilities such as peer, customers, 360 degree PA or a combination of one or more. Thus, this issues needs further investigation immediate supervisors are not the only right individuals to evaluate employees' PA.

➢ CN PA criteria should be added and removed from the current performance appraisal criteria form being used by CN. Since CN has not made revision for long time on the evaluation form so far.

➢ Considerable number of non manager and majority of manager respondents indicated that CN appraisal lack clarity and objectivity this mean it may attribute the appraiser to commit error for instance biasness; favoritism etc and as a result employees frustrate and lack confidence . And it influences the productivity and efficiency of the CN performance.

➢ One can easily understand that non-managers of CN have differing views with regard to customization of the criteria with managers. Due to this; it is difficult to deduce whether the criteria are customized.

➢ CN appraisers' lack awareness on different types of performance evaluation methods will exacerbate the errors that could happen in connection with the evaluation methods.

➢ In CN PA challenges are, lack of rater ability to evaluate employee performance, rater bias in evaluating performance, no link between some evaluation criteria & employee job, absence of employee participation in setting performance evaluation criteria and lack of communication especial performance standards & expectation Such problems with the appraisers stem mainly from absence, or in adequacy of training and retraining programs for appraisers. Otherwise organization objective, goal, mission etc can be negatively affected.

➢ The purpose of performance appraisal being counseling, coaching, and training and developing for those employees with deficiency on their job, and promotion and reward to motivate those who were performing well. This indicates that it has been given low attention by CN.

CN currently uses PA results mainly for monetary compensation for salary increment, payment bonus and promotion. Thus, CN uses PA mainly for administrative than developmental. But CN employees believe on what PE result

should use and the current use of PA in is mismatched.

➢ Considerable numbers of respondents disagreed and have neutral position. Therefore it is not negligible and CN management needs to give especial attention to fill the gaps. Because fairness is emphasized more specifically, trust and confidence will be developed if management act fairly, equitably and consist is implemented; etc.

➢ CN practice of evaluating employees to improve their job was not adequate enough.

➢ The finding implies that CN PAE has not possess validity, reliability and consistent due to the subjective nature of performance criteria used to evaluate employees, care guidance, jobs standards are not met and appraisal of employees not carry on free from bias and favoritism etc.

➢ The practice of evaluation based on personality made dissatisfaction from employees' side and harm to the organization (CN).Moreover it lacks the ability to help the incumbent employee and the organization to overcome efficiency and effectiveness, which in turn decrease to improve the service quality and productivity of the organization.

➢ The current CN practice for pre-appraisal meetings has no room in order to identify the aspects of their performance on which their ratings were based.

➢ Due to appraisers' practice of bias and favoritism, lack skills in employees' performance evaluation and their failures to see the value of appraisal CN employees lack trust and confidence on appraisers.

➢ In CN post appraisal meeting not held regularly and the evaluation result is not communicated immediately. This implies that employees cannot get the chance to know his current level of performance on time. As a result they deprive the chance to develop their current level of performance, and take proper actions to his weakness.

➢ After conducted PAE appraisers expected to render support and advice to employees in this regards CN raters give support to employees to improve weak performance, but not to maintain or capitalize on strong performance Therefore, the current CN practice is contrary from the theoretical concept of performance appraisal principle and purpose.

➢ The majority of respondents pointed out that in CN it has accurate evaluation to reward or penalize. However, significant numbers who are disagreed and neutral

cannot negligible.

➢ The current practice of CN has very limited contribution to helps the incumbent employee and the organization in bringing about efficiency and effectiveness, which in turn decrease or unable to improve productivity as well as the service quality of the organization.

➢ It shows that the large majority of employees are performing their day to day tasks without having a clear direction about what they are going to do. Thus, it has a negative impact on employees as well as companies appraisal effectiveness.

➢ CN supervisors (rater) have not given proper attention to performance appraisals of employees under their supervision. Therefore, this shows that a performance appraisal is considered as waste of time in the organization.

➢ CN appraisers have a limitation to handle fair performance appraisal evaluation due to lack of effective written /verbal communication skills.

➢ EPA in CN as low contribution mean evaluating employees to improve their job was not satisfactory and met their purpose. Thus, it has a negative impact on employees as well as companies appraisal effectiveness.

5.2. Recommendations

Pursuant to the summary and conclusion of the findings drawn in below, the following recommendations are forwarded to address the gaps identified by the research.

➢ Since it would be very difficult to secure comprehensive data on employees' performance only two sessions CN management needs to investigate the current practice as to whether can attain successfully the goal of PA and the organization or not.

➢ The appraisal system should be fair and **objective to** beneficial both the individual employee and the organization; and it should be linked with other subsystems of personnel management.

➢ Since pre-appraisal meetings help to bring employees and appraisers to gather to discuss the purpose and criteria of the system of EPA, and to decide on the techniques, procedures, and approaches to be employed in the subsequent states of appraisal process before starting to conduct PAE human resource department

manager should arrange pre-appraisal conference regularly. IN addition following after conducted PAE post-appraisal conference should be arrange immediately and regularly in order to appraisers render support and advice to employees to improve weak performance, and maintain or capitalize on strong performance

➢ CN HR department at the binging of the year should prepare PA criteria (form) templates in order to give adequate room for employees to see and comment in the designing of PA criteria (form) and also prepare guide line which indicates the active employees' participation in all the necessary steps on the appraisal process. By doing these, can employees develop trust and confidence on the PAE and able to build sense of belongingness and ownership to the organization. These also help the productivity and efficiency of employees as well as the organization.

➢ CN HR department manager should make strict follow up and give support to all employees have to get access to see performance result and feedback immediately
Therefore, CN management should take measure to revert such practice by accommodating all the employees to have access to see their evaluation result in order to ensuring transparencies of performance appraisal process of all employees and also helps employees know their strength and weakness as well in order to improve the gaps and maintaining and capitalize the strength.

➢ CN management should arrange formal follow up mechanism to all employees to have appeal right to higher officials if they believe their evaluation result is biased or inaccurate. By doing this helps employees inventing out their ill feeling which otherwise would negatively affect the work performance of the organization.

➢ CN appraisers giving similar rating to all staff under his/her supervision. Therefore, CN management should make continues effort to improve such harm practice through awareness creation program for those who are doing such practice otherwise it hinder the performance of the organization.

➢ CN's HR department manager should follow those who are not keep file of what their subordinates have done during PA period and encourage those using it currently.

➢ CN management will make further investigation, because immediate supervisors are not the only right individuals to evaluate employees' performance appraisal. As they may actually be include others in order to decrease employees' balm of raters' bias,

favoritism, lack of raters' knowledge and skills etc.

➢ I t is important to increase the clarity and to decrease the subjectivity, more qualitative nature of PA criteria, be added the necessary and removed from the existing the current performance appraisal criteria form being used by CN management should revise the current PA criteria with the active participation of the employees for they are actual persons who do the job and evaluated.

➢ Non-managers of CN have differing views with regard to customization of the criteria with managers. However, pursuant to researcher views in this regard PA system should have clear link between the performance standard for a particular job, organizational goal, also there must be clear link between the criteria, and the job element which have been identified through job analysis. Thus CN management expected to see and will confirm it PAE is customized as per the above dissociation.

➢ To mitigate the current challenges of PAE of CN mentioned detailed in the analysis part of the study in relation to appraisers' deficiency mainly from absence, or in adequacy of training and retraining programs for appraisers. These would have been minimized had been relevant pre and in service training problems for appraisers to hold sufficiently and internalize themselves with the purpose, criteria, process and procedures of employee PA. Otherwise due to this organization objective, goal, mission etc can be negatively affected. Hence, CN management will expect to give adequate training for those who have such limitations.

➢ CN management needs to align the current use of performance appraisal evaluation with and what purpose PA result should be used with in line with theoretical, conceptual framework and purpose of PAE. Hence tackle the two conflicting purposes administrative and developmental which the current system of EPA attempts to achieve simultaneously with a single appraisal form, need to be separated because the criteria, appraisers and processes designed to one purpose would not equally server the other.

➢ If raters are aware the different types of PE methods about the nature and pros and cons are employing; they will take due care while evaluating their subordinates. Therefore, CN human resource manager should arrange continuous training and retraining for those who need support.

- CN management is using PA rarely to developmental purpose for instance training, counseling etc. Thus they should improve such practice through conducting and give especial attention to developmental activity.

- According to the study, the large number of respondents reveled that there were fair and transparent appraisal in CN. However, the numbers of respondents who disagree and neutral are significant numbers due to this fact it is not negligible and need future study in order to take holistic management intervention to identify the place where such discomfort is happened so as to minimize this gap.

- To mitigate the current practice of validity, reliability and consistency of CN PA E, CN management should take valuable action for instance the criteria use for employee PE should amended not subjective rather objective measurement of performance, and well specified jobs standards met with the jobs and appraiser should trained so as to conducted PA carry on free from bias and favoritism etc.

- The HR department manager should well communicate employees of performance standards and expectations when they are placed in their respective job position so as to avoid blame.

- Hence CN management should take attention to give adequate awareness creation in the organization till for those who are not adequate knowledge believes the benefits of PA. Doing well this mean helping to achieving organizational objective and goal.

- From these we can say that, employees less believe in the existence of PA and it should be an awareness creation in the organization till employees believe about the existence of performance appraisals and it is not waste of time.

- From the finding one can easily understand that, the majority of employees did believe that the PA system served its purpose, the purpose of performance appraisal being counseling, coaching, and training and developing for those employees with deficiency on their job, and promotion and reward to motivate those who were performing well. Therefore to improve this situation CN management should take compressive action through make investigation the overall PA management system. Otherwise in the future it highly affects the performance of the organization.

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