

**An Assessment of Performance Appraisal Practice in
Pyramid Resort, Debrezeit, Ethiopia**

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Declaration

In the under designed, hereby declare that the Dissertation entitled “An Assessment of Performance Appraisal practice in pyramid Resort, Debrzeit/Bishoftu, Ethiopia” is my thesis work submitted to in Indira Gandhi National Open University. It has not been presented to any other University for the award.

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List of Abbreviation

A.D	Ano Domini
MBO	Management by objectives

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Abstract

Performance Appraisal (PA) helps in measuring and evaluating performance of the employees in an organization. The purpose of this paper was to assess the Performance Appraisal Practice of Pyramid Resort. Questionnaire and interview were used to collect the necessary data. The data gathered has been analyzed using tables, graphs, percentages. According the findings of the study employees were evaluated by immediate supervisor and by both the manager and immediate supervisor and finally it is approved by senior managers. The company's major problems identified from the data collected are on frequency and timing of evaluation, lack of knowledge about the purpose and objective of evaluation, non-existence of linkage b/n the evaluation criteria and the actual job, lack of ability to evaluate, non-participatory performance evaluation criteria and absence of training and discussion about the evaluation method are the major problems identified. Based on the problems recommendations are suggested.

Key words: Performance appraisal practice, Pyramid Resort, Employee Appraisal

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Throughout the current business environment there is rapid change, with globalization comes international, deregulated markets, and competition is high. Businesses need to constantly evolve to maintain a competitive advantage and stay alive. In order to do this, organizations need to both improve and maintain strong levels of performance. Increasingly, an organization's success depends on their workforce and their abilities. Good employees are a major asset to an organization and are also a source of competitive advantage.

An organization's success or failure is highly determined by effective and efficient utilization of resources at its disposal, such as human, material, financial, and information resources. Among these four resources, the human resource is the most important part and crucial of all resources for the survival of an organization or business firms (Diriba 2012). Human resource management is becoming more and more important in the strategy of a company and is seen as extremely vital for strategic success. When human resource sits at the boardroom table, they add value by helping the business leaders achieve things that will make the company successful (Ulrich 2011).

Human resource management is the strategic and coherent approach to the management of an organization's most valued assets, the people working there, who individually and collectively contribute to the achievement of the objectives of the business (Armstrong 2006). In simple words, human resource management means employing people, developing their capacities, utilizing, maintaining and compensating their services in tune with the job and organizational requirements. In order to compete effectively, firms must constantly improve their performance by enhancing quality, reducing costs, and differentiating their products and services (Chang & Huang 2005).

The role human resource practices play in organizational performance is increasingly becoming more important, as it is known that the way an organization manages its people can influence its performance. Many human resource departments are taking more of a strategic view and ensuring its procedures are in line with the goals of the business. Strategic human resource management is more so how human resources can affect the organizations performance and how improving the human resource strategies in the organization will improve the company as a

whole. It is concerned with the strategic choices associated with the workforce in companies and are inevitably connected to the performance. Strategic human resource management is critical to the company's survival and success (Boxall & Purcell 2003).

Performance appraisal is one of the most crucial human resource tool and a vital part of every organization. Nonetheless, the procedure continues to create dissatisfaction among subordinates and can often be seen as ineffective and unfair. Bretz *et al.* (1992) indicates perceived fairness of the appraisal system has emerged as the most important issue to be faced by managers. According to Ivancevich & William, (1989), it is important to remember that people do the work and create ideas that show the organizational service. Therefore, it is agreed that resources remain unutilized unless the human element is involved. The degree of human resource contribution should be evaluated in the development of the organization or business firm, and is called performance appraisal. Performance appraisal is the identification, measurement, and management of human performance in an organization (Gomez *et al.* 2001). In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Performance appraisal could also be defined as the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance" (Lansbury 1988b).

Employee performance appraisal has been practiced by numerous organizations since centuries; though performance appraisal system has been debated by many, however, overall, it is viewed that performance appraisal is an inseparable part of organizational life (Islam & Rasad 2006). Performance appraisal means the systematic evaluation of performance of the employee in the organization and for the purpose of evaluation, the criteria selected should be in quantifiable or in measurable terms. It helps the employee to know where he stands in the organization and also to identify the problems in their work and to overcome them. It diagnoses the employee's strong and weak points, so that the organization can direct their efforts to upgrade their performance by providing them training, which would help them in getting promotion, transfer, financial rewards, and good placements in the organization. The significance of an appraisal system is that an individual get a feedback of their present performance in the job which gives them a clear

sense of their responsibilities and the expectations which are to be fulfilled by them. It also helps the organization to accomplish their mission and vision by judging truly the effectiveness of the employee's i.e. recruitment, selection, training and development (Jain & Garg 2013).

Performance can be formal or informal. Managers and peers have beliefs or opinions concerning the relative efficiencies of organization members. Employees may be over-valued or under-valued in terms of their output and their efficient and effective use of resources depending on how they are appraised. Appraisal takes place in organizations whether there is a formal procedure for its conduct or not. We all appraise other people. It takes place as social interaction. It should not be surprising therefore that it also forms part of our working contracts (Clark 2000).

The key issue to performance appraisals is that they have to specify what is expected of the employee. An appraisal system would be used to reinforce productivity and quality efforts, to develop and improve performance and to provide input into main decisions about employees. However, where formal appraisal techniques are in place and where common criteria are used, relative and quantifiable results are likely to result in fairer evaluations that are effective in terms of human resources and so allow for wise allocation of this resource and result in savings because unnecessary investment in this area is avoided. Alternately, profits may be enhanced because shortfalls are recognized, so that more human resources are recruiting that generate increased revenues (Huang & Huang 2011).

Knowing the practice used and spotting the problem helps to analyze the performance of employees of the resort, in light of their employees performance appraisal manuals, can help to understand, if effectiveness and efficiency is impaired or not. Therefore, this paper aims at presenting and analyzing the performance appraisal practice at Pyramid Resort found in Debrezeit/Bishoftu, 42 kilometers East of Addis Ababa, Ethiopia. It is aimed at integrating and updating many aspects of performance appraisal system of the resort in order to prove the importance of human resource evaluation and for further development of the resort personnel.

1.2. Statement of the Problem

The hotel and resort industry is the important industries, because it has important part on not only peoples' life but also national economy. Since the end of 20th century, with the development of technology, the service market of hotels and resorts is developed rapidly. Pyramid Resort,

which has all operations, is the provider of hotel and recreation service developed under this advantaged circumstance. Nowadays, the economy globalization has become a part of the necessary requirement for enterprises to sustain a successful business operating in a competitive environment. Accordingly, global expansion of hotel operations has increasingly become a significant strategic development for big hotel corporations. With the rapid development of communication technology and international commodities, the acceleration of funding, technology and personnel are continuous flow. On the market of resorts industry in Ethiopia, especially in Debrezeit, there are considerable famous resorts with a serious competition. Further, in this period, talent competition gradually replace the tradition of competitive technologies and products, thus competition has become the focus of organizations. How to train and develop personnel and retaining talented people, and to enhance their work performance, further to enhance company performance, has become a daunting task that Hotels has to face.

Human capital is essential to the success of hotel industry. As this is a service oriented industry, and the nature of hotel business is extremely people intensive. Qualified employees are necessary to provide superior services toward their customers. When the qualified employees decided to leave hotel industry, quality of services provided will be affected. Therefore hotel industry should have bundles of human resource practice to keep a sufficient labor pool. Employees' turnover rate show a negative relationship with human resource practices, which turnover rate increase as poor human resource practices are used by an organization (Hemdi 2006). When an organization having a well-organized human resource practices, its ability to retain qualified employees will be increase accordingly, thus a lower employee turnover rate can be achieved.

People are most valuable assets of the organizations. The market for talented, skilled people is competitive and expensive. Taking on new staff can be disruptive to existing employees. As organizations vary in size, aim, functions, complexity, and the physical nature of their product, so also the contribution of human resource management. Ensure that all times the business is correctly staffed by the right number of people with the skill relevant to business needs, which is neither over staffed nor under staffed. Performance appraisal is a formal system of periodic review and evaluation of an individual's job performance. It occurs constantly in both public and private organizations. When it is properly done, performance appraisal provides feedback to

employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success.

However, failure to have a carefully crafted performance appraisal, can probably lead to failure in the business process itself. Lack of timely performance appraisal could result in: employees are not provided with performance feedback on time, It is difficult to identify employee training needs, lack of documented criteria used to allocate organization rewards, lack of formal basis for personnel decision salary (merit) increase, disciplinary actions, etc., less communication between the employees and administration, inappropriate selection techniques and human resource policies to meet equal employment opportunity requirements. Therefore, the focus of this exploratory study was to determine if Pyramid resort were using performance appraisal with their staff as an important management tool.

1.3. Objectives of the Study

1.3.1. General Objective

The main objective of this project paper is to assess the performance appraisal practice, process, and method in Pyramid Resort.

1.3.2. Specific Objective

The specific objectives include:-

- To uncover the performance appraisal methods being used
- To determine the performance appraisal period used for evaluating performance of employees
- To find out the purpose of performance appraisal
- To identify raters in the performance appraisal process (supervisor, peers, subordinate,)
- To determine the opinion of employees as to who should assess performance appraisal.
- To see whether appraises involve in setting performance expectations used for judging performance.
- To see the weak spots of the performance appraisal system.
- To recommend solutions believed to resolve the pitfalls identified

1.4. Significance of the Study

The research covered the performance appraisal practice of Pyramid Resort. The findings of this study will benefit Pyramid Resort in evaluating its appraisal system so that in order to insight the status and application of its employee performance evaluation. Furthermore, the paper proposed important recommendations and suggestions for inappropriate methods, if practiced. The study may also serve as a spring board for researchers to conduct further study in this area.

1.5. Scope and limitation of the Study

This study was conducted to assess the employee performance appraisal practice and system; Likewise, this study seeks to find out the performance appraisal methods being used and its purpose at pyramid resort Debrezeit/Bishoftu. Furthermore, the research found out the period of performance evaluation, perception of employees to wards performance appraisal and whether the current Performance Appraisal System could provide possible opportunities and challenges beneficial to the employees and constituents of the resort.

CHAPTER TWO LITERATURE REVIEW

2.1. Theoretical Background

2.1.1. Historical Development of Performance Appraisal

While the importance and usage of performance appraisal has grown over the past 45 years, the formality of evaluating employees through the use of performance appraisal has been present for centuries (Murphy & Cleveland 1995).

It can be traced back to the third century A.D. when Sin Yu, Chinese philosopher, was critical of a prejudiced rater working for the Wei dynasty on the basis that “the Imperial Rater of Nine Grades seldom rates men according to their merits but always according to his likes and dislikes” (Patten 1977). In the 1500s, St. Ignatius Loyola developed a process to assess the members of his religious order (Lopez 1968). In 1648, the *Dublin (Ireland) Evening Post* purportedly rated lawmakers using a rating scale based on personal character traits (Hackett, 1928 as cited in (Murphy & Cleveland 1995). The first business use of merit rating was probably made by Robert Owen at his cotton mills in New Lanark, Scotland, in the early 1800s (Heilbroner 1961). In the cotton mills, wooden cubes of various colors representing various levels of merit and achievement were hung over each employee’s work area. As employee performance varied, the wooden cube was changed to reflect it.

2.1.2. The Concept of Performance Appraisal

Performance appraisal could have given many definitions in literatures; the English oxford dictionary defines performance as the “accomplishment, execution, and working out of anything ordered”. According to Armstrong & Baron (2005), performance is not only a matter of peoples achievement, rather it is how they achieve it. Performance is a multidimensional concept in which its measurement depends on a number of factors (Brumbach 1998). Vallance (1999), also defined performance appraisal as a disputed management practice with much controversy in it; it is used constantly around the world in most of public sectors as an instrument to manage the performance of its employees.

Lansbury (1988), also defined performance appraisal as “The process of identifying, evaluating and developing the work performance of employees in the organization”; as a result of this the organization goal and objectives would going to be effectively achieved, simultaneously, the

employee would benefit in terms of recognition, receiving feedback, catering for work needs and offering career guidance. Carrol & Schneier (1982), defined performance appraisal like as “ the process of identifying, observing, measuring, and developing human performance in organization”; this definition of performance appraisal is described in better way than other authors at least in such way that it involves better points that could really use to implement appraisal system.

Different authors defined performance appraisal in different ways and contexts; some of them are mentioned above. From those many definitions the definition given by Kumari and Malhotra got the best suited this research:

“What is expected to be delivered by an individual or a set of individuals within a timeframe? What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered”(Kumari & Malhotra 2012 p.78).

2.1.3. Purpose of Performance Appraisal

The term performance appraisal become important activities used for many organizations to assess employee act and develop their competence, improve their existing performance, and provide rewards (Fletcher 2001). According to Grote (2002), performance appraisal is used for providing feedback to employees about their performance, facilitating decisions concerning pay increases, promotions, layoffs, encouraging performance improvement, setting and measuring goals, determining individual and organizational training and development needs, confirming that good hiring decisions are being made, provide legal support for personnel decisions, and improving overall organizational performance.

Boice & Kleiner (1997), suggests also the general purpose of performance appraisal is to make employee know how his/her performance looks compared with the managers expectation. Again, this is a one dimensional view. Thomas & Bretz (1994), explains the purposes of performance appraisal which includes: motivating employees, assessing employee potential, improving working relationships, assigning work more efficiently, and assisting in long-range planning. Normally, performance appraisal has two important purposes: the first is evaluative as the term

“appraisal” implies, and the second is developmental (Brinkerhoff & Kanter 1980). The evaluative function refers to the extent to which there has been progress toward goals as a result of the employee’s efforts. It is backward looking where past performance is reviewed in light of the results achieved. It can include the use of performance appraisal for salary management, promotions, terminations, layoffs, and identifying poor performance (Boswell & Boudreau 2000). According to Duraisingam & Skinner (2005), performance appraisals are useful for organizations in several ways including; it helps for Professional development , determines organizational training and development needs making and validating administrative decisions, and identify systemic factors that are barriers to, or facilitators of, effective performance (Duraisingam & Skinner 2005).

Murphy & Cleveland (1995), suggest a key purpose of performance appraisal is to determine pay and other financial compensation. The most obvious reason for appraising an individual is to secure its improvement (Harrison & Goulding 1997) and it follows that securing performance improvement for all individuals, will enhance wider organization performance. Common to almost all purposes of performance appraisal is the concept of improving performance and developing people. Overall, some critics focus on organizational goals as the key purpose, much focus on individual performance improvement. Furthermore, achievement of organization goals, setting of individual objectives, evaluation of individual performance against objectives, improvement of performance, and allocation of rewards are the other main purpose of performance appraisal (Mooney 2009).

2.1.4. The Process of Performance Appraisal

According to Dargie (2007), the main purpose of performance appraisal is getting employees performing effectively; hence, in pursuit of realizing the purpose of performance appraisal, organizations should do sequentially: establish performance standard, communicate standards to employees, measure actual performance, compare performance with standard, discuss appraisal with employees, and initiate corrective action.

Identifying and establishing a standard is the first step in appraising personnel performance; a standard is a criterion or measure which is used to compare against the actual performance (Baird, et.al, 1990). Further, they explain that employee job performance standards are established based on the job description and employees are expected to effectively perform the

duties stated in the job description. Therefore, job descriptions form the broad criteria against which employee's performance is measured. If the performance appraisal system needs to achieve its objective, the employee should understand the standard in which their performance measured against. Werther & Davis (1996), states, to make employees accountable, there should be a written standard and employees should be advised of those standards before the evaluation occurs. If employees had the opportunity to understand the performance appraisal standard it will enhance their motivation and commitment towards their jobs (Dargie 2007).

Once an individual be employee of a certain organization his/her performance and progress should be monitored continuously in a systematic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the already established job performance standards and requirement. The aim of performance measure is to detect departure from expected performance level (Dargie 2007). Further, he explains after evaluating and measuring employee's job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compare performance with the standard either performance match standards or performance does not match standards.

If the performance appraisal system is needed to be effective, the development process should be participatory; the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results (Glueck 1978). After the evaluation is done, the one responsible for giving the rank must describe work-related progress in a manner that is mutually understandable. Further, according to Glueck (1978), every positive and negative feedbacks had a reaction, the reaction to this feedbacks varied depending on a series of variables such as: importance of the task and the motivation to perform it, how highly the employee rates the evaluator, the extent to which the employee has a positive self-image, and the expectancies the employee had prior to the evaluation.

After doing all this last step performance appraisal is taking corrective action. The management has different alternatives after appraising process ends; the management could take no action, correct the deviation, or review the standard. If problems found were not as such significant, it

may be wise for the management to do nothing. To the other side, if it is found a significant problem, the management must analyze and identify the reasons why standards were not met. This would help to determine what corrective action should be taken. (Chatterjee, 1995).

2.1.5. Guidelines for a Successful Performance Appraisal System

A number of researches have been conducted in order to determine the components of a successful performance appraisal system. Some of them will be discussed below; according to Longenecker & Fink (1999), a successful performance appraisal system should contain three important components: system design, managerial practice, and appraisal support system (Fig.1).

The system design component should contain a clear and defined purpose for conducting performance appraisal. Every employee should have the information why performance appraisal is being conducted and the specific goals for it. The specific goals will allow the managers to select performance criteria that will support the organization's objectives and increase the motivation of the managers to carry out the appraisals properly. Further, effective systems design should have the input of managers and employees in the design, development, and choice of criteria used in the appraisal. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system.

The second critical component of a successful appraisal system defined by Longenecker & Fink (1999) consists of three factors concerning managerial systems practices; supervisors must conduct performance planning at the beginning of the appraisal cycle, supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place, and finally, supervisors must be motivated to carry out effective appraisals. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization.

The third and final component of an effective performance appraisal system describes organizational support of the appraisal system (Longenecker & Fink 1999). Here, according to them the first factor is performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum

standards. A second factor is appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by administrators giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials. A final factor is appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of the system by the employees, comparing the relationship between performance and rewards, and reviewing the consistency of implementation of policies and procedures across all departments and locations.

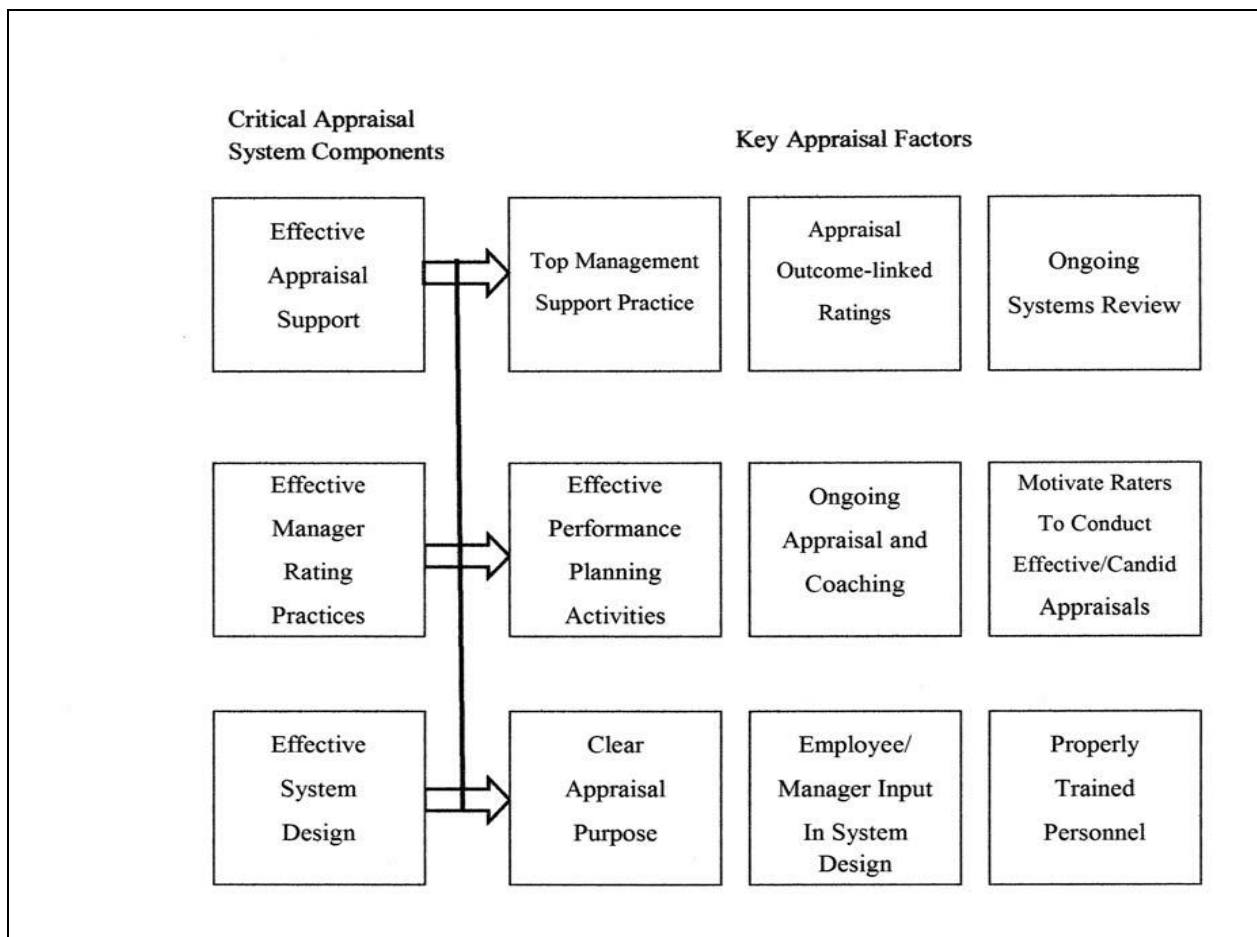


Figure 1 A Systems Approach to Effective Appraisals
 Source: adopted form Longenecker & Fink (1999), cited on Flaniken (2009)

Seldin (1988) provides a list of guidelines that are useful in developing a successful evaluation program. Many of these guidelines are similar to those given by Longenecker & Fink (1999) above and will not be listed here, but Seldin does suggest several additional guidelines:

1. The primary purpose of appraisal should be to improve the quality of the employees and their work, with an emphasis on the positive aspects of the performance rather than the negative aspects. The appraisal should focus on maintaining the strengths of the employees and building up their weaknesses.
2. The appraisal program, including its policies and procedures, should be in accordance with civil rights legislation and affirmative action clauses so that it can withstand any challenges from disgruntled employees in a court of law.
3. The appraisal program must relate closely with the traditions, purposes, and culture of the institution. The policies and procedures that work well in one college or university environment may not work well in another one.
4. The appraisal program must provide multiple sources of input for the employee being rated, including peers and those people who report to the employee, rather than just the input of the supervisor.
5. The appraisal system should be based on the concept that objective data is collected and understood with the purpose of making a subjective decision. The best system blends objective data into subjective judgment.

Apart from these, Winston & Creamer (1997) describe several factors that contribute to successful appraisal systems. The first factor concerns the dual purpose of performance appraisal; to provide evaluative feedback to the employee based on job requirements, and to provide developmental feedback to help improve employee performance. Thus, appraisal is related to both institutional needs and individual needs. Other factors noted by Winston and Creamer include emphasizing the importance of relating the reward structure of the institution to the productivity of the employees, understanding and accepting the influence of the organization's environment and culture on the performance of the employees, requiring the appraisal process to be both participatory and interactive among all the stakeholders, and having an appraisal system that has clarity, openness, and fairness. A study also completed by Smith (1996) two recommendations were suggested as components of effective appraisal systems; appraisal systems should have sufficient resources to provide training for the appraisers and to

meet the developmental needs of the employees, and there should be required follow-up meetings between the supervisors and the employees after the initial appraisal.

2.1.6. How to Measure Employee Performance

The most difficult part of the performance appraisal policy is to accurately and objectively measure the employee performance (Bond & Fox 2007). Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period (Rudman 2003). According to Kuvaas (2006), measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results. Bond & Fox (2007), contend that measuring employee performance is the basis of performance appraisal policy and performance management. Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential (Fletcher & Bailey 2003).

For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the supervisor, peers and the employee (Markle 2000). According to Rudman (2003), all the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees' performance. Bond & Fox (2007) state that some suggestions and tips for measuring employee performance are:

- Organizational outcomes or the achievement of organizational goals should also be kept in mind;
- If possible, collect the feedback about the performance of the employees through multi-point feedback and self-assessments; and
- Also take note of the skills, knowledge and competencies and behaviors of the employees that help the organization to achieve its goals.

According to Anderson (2002), for an organization to be effective for its goals, it is very important to monitor or measure its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews of the employees for their work and performance according to the pre-determined goals and solving the problems

faced (Mani 2002). Rudman (2003) highlights that timely recognition of the accomplishment also motivates and helps to improve the performance of employees.

According to Aguinis (2009), measuring the performance of the employees based only on one or some factors can provide with inaccurate results and leave a bad impression on the employees as well as the organization. For example, by measuring only the activities in employee's performance, an organization might rate most of its employees as outstanding, even when the organization as a whole might have failed to meet the goals and objectives. Therefore, a balanced set of measures should be used for measuring the performance of the employees (Kuvaas 2006).

2.1.7. Trends in Performance Appraisal

2.1.7.1. Evaluation Methods

Performance evaluation methods are the systems and processes through which appraisal is carried out in an organization. The methods include determining the types of data collected and evaluated in the appraisal, the forms and frequencies of communication that take place between supervisors and their employees, and the various types of evaluation tools used to measure performance. It is important to understand the evaluation methods used because they can influence the usefulness of the appraisal system in an organization and the perceived or actual benefits gained from its use.

Performance evaluation methods have been described by multiple authors in various ways. Three of these methods, as described by Landy and Farr, Berquist and Tenbrink, and Sims and Foxley, are mentioned here. Landy & Farr (1983) define a method in which the performance appraisal data is organized into two groups: judgmental or subjective measures and nonjudgmental or objective measures. Although judgmental measures are more broadly used, objective performance measurements (e.g. production rates, time to complete a task, and scrap rates) have been helpful measures of performance for routine, manual jobs since the 1940s (Rothe 1946). Other nonjudgmental indices that do not assess performance directly but provide information on the general health of the organization, including absenteeism, turnover, and accidents, have also been researched (Campbell et al. 1990).

Objective measures do have their unique problems, however. For example, absentee measures are not applicable to many jobs, are often inaccurate, are caused by a variety of reasons

depending on the meaning of absence, differ in the duration of observation, and do not show a relationship with each other (Murphy & Cleveland 1995). Using turnover as a standard is complicated because it is hard to differentiate between voluntary and compulsory turnover. Grievances are not typically obtainable for nonunion employees. Accidents could be caused by the people or by their environments.

The rate of promotion or salary increases are not good standards because the rate could be controlled by a quota set by the organization and salary modifications could be influenced by the economic well-being of the organization rather than employee performance. These problems challenge the validity of the measures (Murphy & Cleveland 1995).

Landy & Farr (1983) also identified several problems with objective measures and potential reasons why judgmental measures have been used instead by psychologists for evaluating managerial behavior. First, objective measures tend to have low reliability. For example, factors external to the individual, such as the organization's sick leave policies, may influence the reliability of absence measures or the period of inspection may not be constant across measures. Another reason is that objective measures may be obtainable for only a partial number of jobs. For example, it does not make sense to collect information on tardiness or absences from sales representatives or development employees who may not work a fixed number of hours per day or per week. A final inadequacy of objective performance measures is the changing nature of skilled and semi-skilled work. When employees who operate machines are replaced by employees who just tend to a machine, the output of the job can become more reliant on the machine functioning correctly and its related downtime, rather than upon the ability and output of the machine operator. The changing nature of work implies that subjective measurements may continue to be more popular and useful compared to objective measures (Murphy & Cleveland 1995).

The use of management by objectives (MBO) to define and measure job performance is often used with managerial and executive performance. There is a particular importance placed on the contribution of the employee to the organization's goals and results (Drucker 1954). There are several elements common to MBO programs. First, MBO includes involvement in goal-setting. The supervisor and the subordinate work together to define the goals and performance measurements for the subordinate. They decide what needs to be achieved and how the

achievements will be measured. Secondly, MBO entails objective feedback regarding advancement towards accomplishing the goals. In a MBO system, performance is likely to be defined in terms of measurable outcomes. However, the setting of goals, targets, and objectives is very subjective, involving negotiation between the manager and the employee (Murphy & Cleveland 1995). If a high performing employee fails to achieve his or her goals, it is not unusual for the manager to renegotiate objectives so that the manager can be sure that the capable performer will obtain outcomes that are seen as good performance. Two of the disadvantages of a MBO system include a significant amount of paperwork, particularly in the beginning stages of a new system, and the concern that MBO tries to make unclear responsibilities and goals exact and compels employees to measure objectives that are not measurable (Berman, 1980).

In a second method of describing evaluation processes, Bergquist & Tenbrink (1977) found six primary approaches used to evaluate college and university administrators:

1. Unstructured narration. In this approach, the supervisor provides a written assessment of the employee's strengths and weaknesses, along with suggestions for improvement. It is assumed the supervisor will write a thoughtful statement using firsthand knowledge of the employee and that this approach will be as productive as any more formal approach. If it is done well, it can provide excellent detailed information about the performance of the employee. However, this approach makes it difficult to do comparisons among several employees because each evaluation could focus on diverse aspects of each employee's performance.
2. Unstructured documentation. In this approach, the supervisor documents the activities and accomplishments of the employee by requesting letters of recommendation, interview data, daily logs, and ratings of other employees in programs under the responsibility of the supervisor. The approach primarily involves independent evaluation and does not represent a formal program. It also does not produce information concerning the activities and successes, or objectives and failures, of the employee during the appraisal time.
3. Structured narration. This approach requires the supervisor to answer a series of questions about the employee's performance. The questions might include such things as what are the employee's greatest strengths, where are the greatest needs for improvement,

what would this employee's colleagues say about this employee, and to what extent has the employee fulfilled the following goal.

4. Structured documentation. In this approach the supervisor and employee agree on the performance categories (e.g. job functions, skill areas, performance objectives) that are meaningful for the employee's position. This can be done with the input of subordinates, peers, instructional employees, and others who understand the position at hand. At the end of the evaluation period, the employee provides an explanation of how he or she performed against the performance categories. It is then up to the supervisor to document the claimed successes of the employee.
5. Rating scales. This is the most widely used method of evaluating administrative performance and many types of scales are used. Some drawbacks to using scales include they are usually not tailored to specific positions, the characteristics used for appraisal may not be appropriate or may be incorrectly scaled, and scales do not provide the depth of understanding that a thoughtful narrative appraisal provides.
6. Management by objectives. In this approach, as mentioned earlier, the focus of the appraisal changes from the personal attributes of the employee to performance in the job. It is a results-oriented rating technique that is dependent on goal setting to create objectives for the employee.

These six approaches resemble, in many ways, the subjective measures described earlier by Landy and Farr with the exception of management by objectives that was described by both Landy & Farr (1983) and Bergquist & Tenbrink (1977) as an objective measure.

In a third method for describing evaluation procedures, Sims & Foxley (1980) provide four classifications used by student affairs professionals: comparative methods, absolute standards, management by objectives, and direct indexes. Comparative methods include:

- (a) rank-ordering all employees from lowest to highest in effectiveness;
- (b) alternately choosing the most effective and then the least effective employee, moving their names to separate lists and repeating the process until all names have been removed from the initial list;
- (c) comparing each employee to every other employee and determining a final ranking based on how many times the employee was ranked above the other employees; and

- (d) a forced distribution where a certain percentage of the employees are classified as top performers, perhaps a second group in the next tier, and then another group assigned to the lowest performing group.

Absolute standards methods have several variations including critical incidents, weighted checklists, forced choice, conventional rating, and behaviorally anchored rating scales. Critical incidents involves identifying the significant requirements of a job and the supervisor is asked to rate each employee on each category. Weighted checklists involve compiling a list of employee goals that the supervisor uses for each employee to determine which of the goals was completed. Forced choice requires the supervisor to choose the most descriptive statements for each employee using a list of items that differentiate between successful and unsuccessful completion and between desirable and undesirable employee traits. Conventional rating involves rating employee traits on a form using such categories as excellent, average, and poor. Behaviorally anchored rating scales are a quantitative version of the critical incident method that uses scales anchored in descriptors of actual position behavior and specific levels of performance.

Management by objectives was mentioned previously and does not need to be reviewed again. The fourth classification described by Sims & Foxley (1980) is the direct index method which typically uses the measurement of outputs from each employee and is rarely used in student affairs.

The above three examples of evaluation methods provide a comprehensive overview of the types of methods most often used by various organizations. They fall along a continuum between subjective and objective methods and between unstructured and structured methods.

2.1.7.2. Rating Scale Format

The rating scale format deserves additional explanation because most of the research on performance appraisal is about the design of appraisal scales. The issues deal with (a) comparisons between persons (norm-referenced criteria) and comparisons with a standard (criterion-referenced formats), (b) use of trait compared to behavioral anchors, (c) the best possible quantity of anchors, (d) establishing formats conducive to the smallest number of rater errors, (e) scaling of anchors, and (f) comparison of format validity (Murphy & Cleveland 1995).

Within the rating scale format, most research has been done in the area of criterion-referenced scales with the goal of increasing the measurement quality and the values that such scales generate (Murphy & Cleveland 1995). The research endeavored to understand the meaning of the response categories or anchors, the kinds of anchors (trait, behavior, adjective, number, etc.), and the quantity of anchors that yielded distinct ratings and that raters found adequate. Other attempts to improve the graphic scale included the Behaviorally Anchored Rating Scales, the Behavioral Observation Scales, the Mixed Standard Rating Scale, and the Forced-Choice Rating Scale.

Rating scales use words or phrases to indicate the extent to which a behavior or attribute is present. In a rating scale using traits, a supervisor is asked to rate an employee indicating the extent to which the employee is, for example, industrious, energetic, or cooperative, using a 1-to-5 scale (where 1 equals “Never” and 5 equals “Always”) based on how often the employee demonstrates that behavior. Since trait scales are susceptible to rating errors (Brown 1988), the behaviorally anchored rating scale has gained more favor because it is consistent with job analysis and position descriptions that are focused on behaviors rather than traits. Supervisors compare their employees’ performance with descriptions of position-related behavior.

When rating scales are used, there is an assumption that the appraiser is relatively objective and precise. However, the appraiser’s memory could possibly be fallible and the appraiser may subscribe to assumptions about the person being evaluated that may or may not be accurate. The appraiser’s intentional or unintentional biases produce rating errors. Seldin (1988) provides a list of five potential biases that could arise in this situation:

1. Halo bias refers to the tendency of supervisors to be influenced in one area of performance by the rating they gave their employee in another area of performance. For example, a high rating in the area of leadership may influence the rating given in interpersonal skills or job knowledge. A low rating in self- development may carry over to a low rating in quality of work or customer service.
2. Leniency occurs when a supervisor gives a disproportionate number of favorable or unfavorable ratings. For example, a kind, soft-hearted supervisor might give consistently favorable ratings while an irritable supervisor might be inclined to give consistently unfavorable ratings.

3. Central tendency bias refers to when a supervisor consistently gives average ratings and avoids the favorable and unfavorable ends of the rating scale. This both penalizes the outstanding performer and covers up the poor performance of underachievers. It also has a detrimental impact on the morale of other employees.
4. Recency bias occurs when recent events have more influence on the appraisal than less recent events. An employee's entire year of very favorable performance can be negatively impacted by a single unfavorable event occurring just before the performance evaluation is completed. Or on the contrary, a mediocre performance over the course of a year can be overshadowed by one very recent success.
5. Guessing bias occurs when the supervisor does not have relevant information to render a meaningful judgment, but provides a response anyway based on some aspect of the employee's performance (pp. 49-52).

Seldin (1988) concludes that there is no simple way to evaluate performance despite significant advancement in evaluation procedures. However, he further notes that much of the concern over rating scales and bias is not warranted and that there are many ways to successfully evaluate employee performance. Even though rating scales are a critical area in performance appraisal supported by the research literature, it is not the focus of this study.

2.2. Previous Empirical Studies

Nunes (2014), used quantitative research method in order to assess performance evaluation methods in the hotel industry, to achieve the goal he conducted surveys and interviews with financial officers of 275 four and five star hotels located in Portugal. Basically, the study had two specific goals: to identify the methods of performance evaluation used by the hotel industry and to analyze the link between hotel characteristics and the performance evaluation methods hotels use. Regarding the first goal, the results obtained and conclude that the most frequently used performance evaluation method are unstructured measures and that the least frequently used method is the BSC. Regarding the second goal, it is concluded that there is a link between the performance evaluation methods used and some hotel characteristics, namely, legal form; dimension measured by the number of bedrooms; belonging to a hotel chain; and capital ownership.

Walsh & Lin (2013), carried out a research on performance assessment in the international hotel sector of Yangon, Myanmar, basically, the focus of the agenda was on the use and role of performance assessment in the organizations; a mixed method was used covering 14 hotels and 303 sample respondents. The result shows that, a generally low level of spending on training and development and concentration on low-labor cost manufacturing and processing activities. Further, those employees who have done well in performance assessment tend to have a more positive attitude towards the process, to be more likely to remain with the hotel and to have formulated a long-term strategy for career progression. It is reasonable to assume, therefore, that hotels in which performance assessment is perceived by the majority of the workforce to be taking place in a reasonable and helpful manner are more likely to be organizations with a good and positive corporate culture that delivers equally good service to stakeholders.

Aspridis & Kyriakou (2001), has conducted quantitative research on human resource evaluation in hotel units in Greece; based on this research. The paper was aimed at presenting and analyzing the systems of performance appraisal and the development of human potential, and integrating and updating many aspects of performance appraisal while concentrating on the system of hotel units; Aspridis & Kyriakou argues that the systems of evaluation of human potential could not restore the feelings of insecurity and fear of workers and specifically the fear of failure, reprisals and control in Greece. The system did not convince the employees to function in favor of themselves and try to be more productive. Most systems of evaluation are not perfect because they are affected by the external environment, the organizational culture and the behavior of personnel that continuously changes. Furthermore, they concluded that there was no an ideal system of performance appraisal in hotel units because of the organizational policies.

Dargie (2007), employed descriptive statistics to assessment of employees' performance appraisal practice in Abyssinia bank, Ethiopia; according to their analysis it has been found that rating scale method was used by the immediate supervisors. While the other raters including the employee themselves, the next in-line supervisor, review committee and the senior managers uses an essay method of evaluation. Further, he mentioned that the appraisers write a brief narrative description of employee's performance and characteristics which includes the major tasks the employees has performed, weakness and strength of the appraisee, transfer to another post, promotion and other personal traits were described. In addition to this, the performance

appraisal is done in to salary increment, grade promotion, transfer to another post and demotion or termination

Narban et al. (2016), tried to look the performance appraisal practices in hospitality industry in new-Delhi: an exploratory study; after a questionnaire survey from 21 hotels, the research found out that all the organizations, possessed a formal performance appraisal system as a method most of the hotels use rating system. Further, the results of the study indicate that the importance of human resource and the role of performance appraisal in hospitality organization need to be better appreciated. Moreover, they indicates, the practice of performance appraisal system had a visible problems including Old & dysfunctional system, prone to biases, absence of guidelines & confusion on rating, non-performance nature of the criteria, subjectivity, and Regency bias.

Bernard (2013), explores the performance appraisal System of the city government of Iloilo, Philippines. It determines the level of perception of the employees regarding the purposes of the performance appraisal system of the city of Iloilo, describes its nature, identifies its opportunities and challenges, and recommends for its enrichment which would be beneficial to the employees and constituents of the city. Descriptive-exploratory method was used in this study by utilizing mixed methodologies with focus group interview and survey questionnaires. The findings show that, overall the employees were in agreement with all the items regarding the administrative purposes and developmental purposes of their PAS, however, comments and suggestions on its improvement on its feedback system were recorded by the researcher. The study also described the current PAS of the city as a system that is giving a fair appraisal to its employees. The research also noted the opportunities and challenges of the current system and made recommendations for its enrichment. Insights and considerations for future studies were also given, as well as, the limitations of the present study.

Ying (2004), carried out a research to define performance management system, employee performance and employee performance measurement, and also analyze the relationship between performance management system with employee performance. Basically, the research was analyzed in order to test the impact of performance management system on employee performance. The Kruskal-Wallis test and ordered logit regression were used to test the relationship and the results show the activities: continuous communication within organization and personnel development impact significantly and positively on employee performance.

However, the results show that the performance management system has a positive but insignificant relationship with employee performance.

CHAPTER THREE METHODOLOGY

The main purpose of this descriptive-exploratory study was to assess the performance appraisal practice in Pyramid Resort. Data for this study was collected as part of a larger examination of the effectiveness of a performance appraisal system. This chapter describes the research design, methods of data collection, sampling method, respondents, and survey-procedure. Data analysis and interpretation employed in this study was also described in this chapter. The researcher conducted this study at the city of Debrezeit. As an exploratory study, qualitative approach employed to administer it.

3.1. Research Design

Descriptive-exploratory method is found by the researcher to be most appropriate data collection. The design captured the Performance Appraisal System of the resort. As authors Creswell (2014), would suggest that, the above-mentioned research design has their place in forming a better understanding of a problem or issue. Specifically, the researcher chose a semi structured questionnaire for this study because it is a flexible method that permits a respondent to give the necessary information freely without the influence of external body or any other third interference. The secondary data would substantiate whatever the evaluation system is from both the interview and survey

3.2. Population and Sampling Design

The target populations of this study are the employees/staff of Pyramid Resort. There are a total of 93 employees. Yamane (1967:886) cited on Israel (2013) provides a simplified formula to calculate sample sizes.

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

Where n is the sample size, N is the population size, and e is the level of precision. Using these formula 75 employees and 1 key informant (HR manager) was interviewed.

1.1. Methods of Data Collection and Analysis

The study combined both primary data and secondary data in generating data for analysis based on qualitative approach of research. Semi-structure questionnaire was used to gather primary data, while secondary research data were used to gather more information that confirmed the veracity of information collected through survey; the secondary sources include previous studies, journals, and books.

1.2. Method of data Analysis

To fulfill the stated objective, data collected from structured questionnaire was analyzed using description of facts. Those data collected from questionnaires was analyzed using descriptive statistical techniques which include tables, graphs, frequency distribution and percentages.

4. CHAPTER FOUR RESULT AND DISCUSSION

4.1. Socio-economic Characteristics

4.1.1. Age and Sex of Respondents

The age categories of the respondents were classified in to three groups. The first age group covers respondents who are below 25 years of age; in this group there were totally 24 respondents in which 54.2 percent of them were male and the rest 45.8 percent were females. The second group incorporates individuals who are in the age group of 25 to 35. This group involves 48 respondents of which 54.2% of them were male and 45.8% were females. The last and third group comprises persons who are in the age group of 36 to 45 years of age, in this age group all of the respondents were male. Moreover, 42 (56%) of the respondents were male and the rest 33 (44%) were females (table 4.1).

Table 4.1 description of age and sex of respondents

Age category	Sex				Grand Total	
	Male		Female			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Below 25	13	54.2%	11	45.8%	24	100%
25-35	26	54.2%	22	45.8%	48	100%
36-45	3	100%	0	0	3	100%
Total	42	56%	33	44%	75	100%

Source: Own survey, 2016

4.1.2. Educational Background and Working Experience of Respondents

In pyramid resort according to the sample respondents there were 5 types of academic qualification; 10th grade complete, 12th grade complete, certificate holder, diploma holder, and degree holder. Accordingly, 37.3 percent of the respondents were Degree holders, 21.3 percent had certificate, and 18.7 percent were diploma holders. The rest 13.3 and 9.3 percent were 10th and 12th grade completed respectively. Apparently, the working experience of the respondents categorized in to three groupings, respondents who have 1 to 2 years, 3 to 5 years and more than 5 years of experience. Accordingly, around 53 (70.7%) respondents fall in the first group in which they have 1 to 2 years of experience. The second group incorporates 20 (26.7%) respondents and the last group contains only 2 (2.7%) respondents (table 4.2).

Table 4.2: Educational background and working experience of respondents

Academic qualification		
Academic qualification	Frequency	Percent
Degree	28	37.3%
Certificate	16	21.3%
Diploma	14	18.7%
10 th grade complete	10	13.3%
12 th grade complete	7	9.3%
Total	75	100%
Working Experience of Employee		
Year of experience	Frequency	Percent
1-2	53	70.7%
3-5	20	26.7%
>5	2	2.7%
Total	75	100.0

Source: Own survey, 2016

4.2. Performance Evaluation

4.2.1. Period of Performance Evaluation

Under this sub topic the period and frequency of evaluation would be discussed. Hence, respondents were asked their past experience and future opinion regarding period and frequency of evaluation.

In pyramid resort performance evaluation is done annually, semi-annually, quarterly and every two year. The variation is comes from the work experience difference of employees. 25.3% of the sample respondents are said that their performance evaluation is done annually, 18.7% of them replied that their evaluation is performed semi-annually. 26.7% & 6.7% of the respondents were confirmed that their evaluation is executed quarterly and every two years respectively. Moreover, 22.7% of the respondents replied that yet they have no as such evaluation experience, means, since they hired as an employee of pyramid resort their performance evaluation were not carried out. Apparently, respondents were also suggests period and ways of performance evaluation. Accordingly, 53.4 percent of the respondents said that the evaluation should be done quarterly, 37.3 percent also said every employees should be evaluated every six month.

Apparently, 6.7% of the respondents replied that the evaluation should be carried out annually (table 4.3).

Table 4.3 description of performance evaluation experience

Period of Evaluation	Past performance evaluation experience		How often performance appraisal should be conducted	
	Frequency	Percent	Frequency	Percent
Annually	19	25.3%	5	6.7%
Semiannually	14	18.7%	28	37.3%
Quarterly	20	26.7%	40	53.4%
Once every two years	5	6.7%	--	--
I don't know/ I didn't have evaluation experience	17	22.7%	2	2.7%
Total	75	100%	75	100%

Source: Own survey, 2016

4.2.2. Purpose of Evaluation

According to the respondents Pyramid Resort made performance evaluation for four basic purposes and a combination of two or more of these reasons, salary increment, training and development, promotion, and bonus. The first basic reason which was selected comparatively by high (18.7%) amounts of respondent is training and development, secondly, the evaluation is done for training and promotion purposes which were confirmed by 17.3 percent of respondents. A combination of salary and promotion was selected as a third reason and it was confirmed by 14.7 percent of respondents, also a combination of salary and training have gotten a fourth factor for performance evaluation, this is confirmed by 12 percent of the respondents. A combination of salary and bonus and promotion itself was the fifth and sixth purpose which was suggested by 10.7% & 6% of the respondents respectively. Moreover, 10.7 percent of the respondents said that all of the factors were the reason why performance evaluation is carried out; and unfortunately 4% of the respondents have no idea why the evaluation was took place.

In addition to identifying the purpose of their performance evaluation, respondents also put their preferred evaluators. Accordingly, majority (80%) of the respondents would like to be evaluated by their immediate supervisors. 10.7 percent of the respondents wished to be evaluated by both the supervisor and the general manager; the rest 9.3 percent replied that it would be good if they are going to be evaluated by their colleagues (table 4.4).

Table 4.4: Purpose and possible stakeholder of performance evaluation

Purpose of Evaluation		
Purpose	Frequency	Percent
Salary increments	3	4%
Promotion	6	8%
Training and development	14	18.7%
Promotion and training	13	17.3%
Salary & promotion	11	14.7%
Salary & training	9	12%
Salary & bonus	8	10.7%
All	8	10.7%
I don't know	3	4%
Total	75	100.0%
Possible Responsible Evaluators		
	Frequency	Percent
Immediate supervisor	60	80%
Both Immediate supervisor and Manager	8	10.7%
Colleagues	7	9.3%
Total	75	100%

Source: Own survey, 2016

4.2.3. Employees Perception towards Performance Appraisal result

The survey also tried to look the post evaluation conditions and situations. Accordingly, respondents were asked different related questions about the circumstances of post evaluation. According to the respondents, majority (89.3%) of them agreed that they are willing to show others their evaluation result whether it is good or bad which indicates they were confident with their work background. Apparently, 72 percent of the respondents confirmed that they made a rough discussion on their evaluation result with the evaluators. According to them having discussion with the evaluators helps to have smooth relationship with the managers as well as it indicates the transparency of the performance appraisal system. To the reverse 17.3 percent of the respondents replied that they didn't discuss the result with the evaluators, this is because they had not given any opportunity to discuss with their bosses on this issue.

Just in case if employees were not happy with their evaluation result they have the opportunity to appeal to higher officials; this is confirmed by 54 (72%) of the sample respondents. According to the interviewed respondents any employee who had any grievance has the right to appeal to the concerned higher offices. Conversely, 17.3 percent of respondents said they didn't appeal to higher officials, this is because they had a fear of their immediate bosses they believed that their immediate supervisors may revenge them if they let their problem to higher officials. Moreover, the same amount of respondents (72%) confirmed that if they appeal their grievance to higher officials, their complaint would be examined fairly and properly. 6.7% of the respondents disagree on this issue and they confirmed that their grievance had not be entertained properly.

In addition to this, respondents were also given their opinion on the evaluation criteria and its given weight; hence, 78.7 percent of the respondents said that the criteria's used for evaluation were appropriate; conversely, considerable amount (21.3%) of respondents replied that the criteria's were not appropriate. Further, the weight given to the evaluation criteria's were fair and good and this is confirmed by 65.3 percent of the respondents; whereas, 6.7 percent of them replied that the weight given for were not appropriate. The rest 28 percent of the respondents had no any idea about the weights (table 4.5).

Table: 4.5 employee's performance evaluation perception.

	Yes		No		I don't know		Total	
	Freq	Perc	Freq	Perc	Freq	Perc	Freq	Perc
Willingness to show performance appraisal result	67	89.3%	3	4%	5	6.7%	75	100%
Discussion on performance appraisal result with the appraiser	54	72%	18	24%	3	4%	75	100%
Appeal to high officers when performance result is unfair	54	72%	13	17.3%	8	10.7%	75	100%
If problem found on PA grievance will be examined fairly	54	72%	5	6.7%	16	21.3%	75	100%
The criteria used for evaluation are appropriate	59	78.7%	16	21.3%	--	--	75	100%
The weight given for the criteria are fair	49	65.3%	5	6.7%	21	28%	75	100%

Source: Own survey, 2016

4.3. Methods of Performance appraisal Used

In pyramid resort graphic rating scale method was implemented by the immediate supervisor. According to the HR department of the resort the evaluating criteria were categorized in to nine classes each evaluating the employee performance from different perspectives and each had its own weight. The nine criteria described to evaluate the employees were:

1. **Professional competence:** - this is to measure the employees' full understanding of job requirement, capability to meet objective and commitment.
2. **Responsibility & accountability of the appraisee:** - it is the reliability over the full range of the job, and how far the employees get the work done under normal supervision.
3. **Initiative:** - is capacity of the appraisees for taking actions without awaiting instructions including the employees' ability to search for new ideas, resource full in solving problems.
4. **Quality of work:** - how the work done is accurate, complete & manifests good Judgment.
5. **Communication capability:** - the ability to analyze, reason out speak persuasively & to write precisely.
6. **Efficiency:** - the capacity of the appraisee to fast & accurately get things done in minimum time given.

7. **Customer relation:** - since the resort is a service business the employees are rated based on customer service. The relationship with colleagues is also included under this section.
8. **Punctuality and attendance to work:** - these are with respect to work hours, presenting at working area during working hours.
9. **Personal appearance:** - shows neat ness, appropriate dressing and other personal traits which enable to express the individual's status with the organization

Based on these nine evaluation criteria the final result of the evaluation would be decided. Accordingly, there were five final results which would be given for the employees such as outstanding performance; exceeds requirement; meets requirement; fair performance; and poor performance. Moreover, according the HR officers performance evaluation is prepared at specific interval while there is nothing magic about the interval. The evaluation is done annually. Depending on the situations individuals are often evaluated, just before the end of the probation period, as well as employees could be evaluated several times as necessary. Apart from this, according to the interview held with the HRM department personnel and the information from the questionnaire, employee performance appraisal is done once every year. Since there is no written document (except some little principles and documents) as to when and how to conduct performance appraisal, it is difficult to believe that a standardized and uniform performance appraisal will be conduct in the organization. The period an employee appraisal conducted is at the end of the fiscal year.

4.4. Problems of Performance Evaluation system

Every institutions performance evaluation system have its own strength and problems. The same is true for Pyramid resort, according to the respondents the performance evaluation system had three basic problems; lack of link b/n job and evaluation criteria, lack of ability, and bias in evaluation. 22.66% of the respondents confirmed that what they did in actual or the job they assigned and most of criteria that sated to evaluate their performance did not have any link; according to them their performance should be evaluated directly based on the work they perform. The other problem mentioned by considerable amounts of respondents was the problem

of unskilled evaluators; 32 percent of them confirmed that the individuals who are assigned as responsible evaluators had not had adequate skill and ability to evaluate the employees.

The third critical problem mentioned by the respondents was the existence of high biasness in performance evaluation system; 13.3 percent of the respondents were confirmed that the evaluation procedure had considerable amounts of bias. Evaluators give high marks for individuals who they know well and low marks for whom not. Apparently, 18.66 percent of the respondents also said that the developed criteria were not participatory. A well participatory evaluation criterion helps the evaluators as well as the employees to know exactly what is expected from employees in regard to their job (Table 4.6).

Table 4.6 description of problems of performance evaluation system

Problems	Frequency	Percent
No link b/n the evaluation criteria and the job	17	22.66%
Lack of ability to evaluate performance	24	32%
Bias in evaluating performance	10	13.3%
non participatory performance evaluation criteria is set to use	14	18.66%
All	3	4%
I don't know	7	9.33%
Total	75	100%

Source: Own survey, 2016

CHAPTER FIVE CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Individual performance is the foundation of organizational performance. Improving individual performance therefore is critical for the success of every organization. Performance evaluation is a common practice in the life of the organization. Failure to have a proper employee performance appraisal system may lead to failure of the business organization itself. The aim of performance appraisal is to evaluate the job performance of employees so as to improve their performance and consequently the organization's performance. In order to do so performance appraisal system should use job related criteria, appropriate method of appraisal for each purpose, qualified and well trained appraiser and participation of employees in one way or the other.

The objective of the study was to find out the purpose and system of performance appraisal on improving employee morale and performance in Pyramid Resort. In doing so the study tries to analyze data that have been gathered through primary and secondary sources. In investigating the performance appraisal system of Pyramid Resort, it has been found that rating scale method is used by the immediate supervisors. While the other raters including the immediate supervisor, both the manager and immediate supervisor and colleagues. In this respect they write a brief narrative description of employee's performance and characteristics. This includes the major task he/she has performed, weakness and strength, transfer to another post, promotion and other personal traits were described. Basically, the appraisal format explicitly describe salary increment, grade promotion, transfer to another post, and demotion or termination. Although almost all of the respondents suggest that evaluation be conducted semi-annually, performance evaluation is conducted ones every year.

Problems in performance appraisal may arise from the improper design of the system, process of conducting and implementing the performance appraisal. Based on the information gathered the following problems were identified:-

- There is no clear precise written policy about the performance appraisal system and the objective of performance appraisal.
- There is no standard set to which the performance appraisal result is to be compared with
- Performance evaluation is made once a year, which is long period to remember since it is a high customer based industry it should be done in short period of time as possible

- Even though employees are given opportunity to express their feeling about their performance appraisal results in case if they have grievance, it may not be fairly examined and given solution.
- Lack of uniformity and consistency in applying the whole performance appraisal system which is influenced by subjective judgments rather than by guided by written policy and principle.
- There is no training given for both appraisers and appraises about how to conduct performance appraisal and its objective.
- Employees are not participated in setting the performance criteria and the weight assigned to performance measurement criteria.
- The criteria of evaluation are not developed from the job analysis; which means based on the major tasks, duties and responsibilities, the relationship of a job to other jobs, the skill and knowledge required for each job, the outcomes that are expected and working conditions.

5.2. Recommendation

In view of the findings and the problems mentioned above coupled with the review of related literature the following recommendations are suggested

- The first step the company has to do is establish a written policy regarding the responsibility of appraisals frequency of appraisal in general guide lines used in performance appraisal process and system.
- The criteria of appraisal should be developed from the job analysis. The more the criteria of evaluation are related to the job analysis the more it will be objective. Thus, developing the criteria from job analysis and evaluating is far better.
- The objective of appraisal should be made clear to all employees before appraisal takes place and employees should accept it.
- Employees should participate in the designing of the appraisal system and criteria.
- Besides, employees should be given training that lets them know how to conduct evaluation and the purpose of evaluation.

- The performance appraisal criteria should be specific to reduce subjective judgment that comes from generalization.
- By participating employees in the design of the performance appraisal process the weight assigned to the criteria should be revised based on the participants' idea.
- There must be a pre and post appraisal discussion and communication that enable appraisers and appraisee to have a clear understanding of the nature, purpose, methods and problems of the appraisal. Thus employees must be informed of such things before appraisal so that they will not develop a negative attitude towards it.
- The forms of appraisal must incorporate items that measure performance effectively. It is better also to include explanation of those criteria in the evaluation form so that employees and appraisers will be in a position to understand them without considerable effort.

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Appendixes

Questionnaire

Indra Gandhi National Open University MPA program

Dear respondents

This questionnaire is prepared to employees of Pyramid Resort. The objective of the questionnaire is to collect information about the effectiveness of Pyramid Resorts performance appraisal system. The information you provide will be valuable for the successes of the research project. Please be honest and objective while filling the questionnaire. The information you deliver to us is very confidential and it is only for academic purpose and will be kept confidential.

Part I Personal Details

1. Sex Male Female
2. Age below 25 25-35 36-45 46-55 Above 55
3. Academic qualification
 - A. 10th grade complete C. Diploma
 - B. 12th grade complete D. first degree and above
4. Title of your job _____
5. Years of experience _____

Part II Regarding Performance Appraisal

1. How often is your performance evaluated? _____
2. How often do you think performance appraisal should be conducted _____
3. In your opinion who should evaluate employees performance (you may tick more than one)
 - A. Immediate supervisor D. Subordinate
 - B. Colleague E. others (specify) _____
 - C. Employee themselves
4. For what purpose is performance evaluation result used in your company (you may tick more than one).
 - A. salary increment E. Bonus
 - B. promotion F. others (specify) _____

- C. training and development
- D. don't known

5. For what other purposes do you think the evaluation result should be used?

6. Are you allowed to see your performance appraisal result?

- A. Yes
- B. No
- C. I don't know

7. Do you discuss performance appraisal results with the appraiser?

- A. Yes
- B. No

8. Can you appeal to a higher officer of your organization when you perceive your performance appraisal result is unfair?

- A. Yes
- B. No
- C. I don't know

9. If your answer to question no 8 is yes do you think the grievance will be fairly examined

- A. Yes
- B. No
- C. I don't know

10. Do you think the criteria used to evaluate your performance appraisal are appropriate

- A. Yes
- B. No
- C. I don't know

11. If your answer is "No" answer the following questions.

a) mention any criteria that should be included

b) mention any criteria that must be removed

12. Do you think that the weights assigned to the evaluation criteria are fair?

- A. Yes
- B. No
- C. I don't know

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

(Tick)

- A. No link between the evaluation criteria and employee job
- B. Lack of ability to evaluate performance
- C. Bias in evaluating performance
- D. Non participation in setting performance evaluation criteria
- E. Others (mention) _____