ASSESSMENT OF PERFORMANCE APPRASIAL PRACTICE

The Case of National Lottery Administration of Ethiopia

BY
SAMSON DIRIBSSA

Enrolment No. 109100850

Supervised by:
Ato Elias Berhanu

MASTERS OF ARTS IN PUBLIC ADMINISTRATION

DIRA GANDHI NATIONAL OPEN UNIVERSTY

SCHOOL OF SOCIAL SCIENCES

June 2011
Addis Ababa, Ethiopia

CERTEFICATION OF APPROVAL

Certified that the Dissertation entitled "**ASSESSMENT OF PERFORMANCE APPRASIAL PRACTICE"** the case of National Lottery Administration of Ethiopia (NLA) submitted by, **SAMSON DIRIBSSA WORDOFA** is his own work and has been done under my supervision. It is recommended that this dissertation be placed before the examiner for evaluation.

Signature of Academic supervision

Name:_____

Address:_____

Signature:_____

Study center; St.Mary's University College.

Regional center:_____

Date: _____

TABLE OF CONTENTS

<u>**Contents**</u>   <u>**page**</u>

BIBLOGRAPHY

APPENDICES:
   I. Questionnaire for Supervisory Employees

   II. Questionnaire for Non-supervisory Employees

LIST OF TABLES

<u>AKNOWLEDGEMENTS</u>

ABSTRACT

Performance appraisal, though an important function of human resource/personnel management, has not received the degree of concern it deserves. This function, if properly exercised by organizations, can serve a number of purposes, mainly administrative and developmental in nature. However, despite these intended goals, performance appraisal seems not to be effective in most cases mainly due to the subjective nature of criteria (standard) of performance, lack of rater understanding of or inadequate training on performance appraisal, which consequently led to the less importance and emphasis attached to it.

For an appraisal system to meet its desired goals, questions such as: 'What purposes should it serve?' 'Who should be in charge of evaluating performance?' 'What aspect of performance shall be appraised?' 'What method(s) should be adopted?' 'How often should appraisal conducted?' 'What does employee participation in and their perception towards the system look like?' 'What potential problems are encountered in the process and how can they be overcome?' and 'What is the importance of giving feedback and handling post assessment performance discussions with employees?' need to be addressed properly.

This study has tried to address each of the above and other related issues by taking National Lottery Administration of Ethiopia (NLA) as a case study organization. Accordingly, samples NLA staff members (both supervisors or managers and non-supervisors) were selected as the target population. And in order to assessing the effectiveness of the appraisal system questionnaires and some interviewed used. Than the results are presented.

While the practice by National Lottery Administration of Ethiopia has been that immediate supervisors are the people in charge of appraising employees, response from the sample respondents has indicated that others such as peers, subordinates, customers, or any combination of these should be allowed to participate if the process is expected to be more effective. It is identified that the appraisal format addresses different aspects of employee performance with traits being the dominant ones. It is also found out that NLA adopts the rating scales method of appraisal. Although the existing practice of appraising employees twice a year has got the highest support among the sample respondents, some have suggested a more frequent time period for increased effectiveness. Employee participation in the appraisal process is set at a low level. Most of the non-supervisory respondents perceived performance appraisal as a punishment tool contributing little to motivation while their supervisory counterparts perceived it as an administrative and developmental tool. Owing to subjectivity of most of the performance criteria in use, problems related to measurement, rater bias, and lack of appropriate rater training are seen to characterize NLA appraisal system. Problems are always prevalent and what one should be concerned about is on how to overcome them. Irrespective of how they are handled, the appraisal system of NLA is found to encourage giving performance feedback and handling post assessment interviews with employees.

CHAPTER ONE

The Problem and its Approach

1. Introduction

1.1. Background of the Study

Human resources are among the fundamental resources available to any organization. Successful managers recognize that human resources deserve attention because they are a significant factor in top management strategic decisions that guide the organization's future operations. Three crucial elements are needed for firms to be effective: mission & strategy, organization structure, and human resource management. However, people are the basic resources who do the work and create the ideas that allow the organization to survive (Ivancevich & Glueck, 1989).

Human resource management (HRM) is a key ingredient affecting organizational competitiveness and its ability to fulfill its mission. The effectiveness of an organization in providing a product or service that fits customers' needs is critical if it is to survive. That product or service is provided in part (or entirely) by people. Employees are not only among the most important resources a firm has; they also sometimes are among the most problematic (Mathis & Jackson, 1997).

Developmental organizations embrace performance management processes that enable employees to become their greatest asset. When managers function as performance coaches, they become trainers, confronters, mentors, and counselors, providing positive feedback and reinforcement to improve skills and competencies that ultimately enhance overall employee performance. Performance management functions as an integral part of a comprehensive development strategy, although too few organizations subscribe to this philosophy (Gilley & Maycunich 2000). Hence, the business world overflows with mediocre, stagnant, or failing organizations that stubbornly or ignorantly overlook their employees' potential. We believe that well-designed and well-executed performance

management provides an excellent vehicle for promoting continuous employee and organizational growth and development (Gilley & Maycunich 2000).

Human Resource Management is developed with complexities from time to time. As the same time, management and appraisal of performance become difficult. Therefore, the use of and the demand for modern performance appraisal system has goals and objectives of its own. This goals and objectives can be achieved with the cooperative efforts of employees. To achieve the intended organizational goals and objectives through proper performance appraisal system and application, the performance of personnel should be properly planned, coordinated and apprised.

Performance appraisal is not a simply reaching the end point, rather, it is the power to determine and shape the working conditions of employees and the power to shape the road and the destiny of the organization. Performance appraisal is one of the major components of human resource management. It is deliberately designed to assess and evaluate how will employees are doing their job.

To indispensable contribution (roles) of human resources to organizational effectiveness, the need for a system to properly assess their performance towards accomplishments of organizational or personal goals is a matter not to be compromised at all. Performance appraisal is such a function in Human Resource Management aiming at enhancing organizational productivity through provision of information an employees' job-related performance.

1.1.1 Brief history of Lottery

The word "lottery" is derived from the word "lot". "Lot" throughout the history meant a small object like a stone, bone etc. that was used to determine the outcome of a chance event. The result of the events based on chance was considered to be an indication of the God's will and helped people to come to the "right "decisions acceptable by everybody and avoid conflicts. The random events involved in such decision making were usually

throwing the lots on the ground or shaking them out of the vessel. An interpretation of the seen result followed and the decision was made. /www.crapsdicecontral.com/

The lots as the way to find out the God's choice were very popular in ancient Judea. According to the Old Testament Moses was instructed by the Lord to use the lots to divide the land among Israelites. The first King of Israel was chosen by lot. In the New Testament Matthias – the apostle, which replaced Judas after his death – was picked through casting the lots on the ground. Many Roman emperors including Octavian and Nero used lots during their parties to give away gifts and pieces of lands to the Roman aristocracy. The same practice of dividing the land and awarding the gifts by lots continued in feudal Europe. /www.crapsdicecontral.com/

Toward the end of the middle Ages the lottery became an important form of gambling and the method to collect money for public projects and needs in many European countries.

In today's world, Lottery is outlawed by some governments, while others endorse it to the extent of organizing a national or state lottery. It is common to find some degree of regulation of lottery by governments. At the beginning of the 20th century, most forms of gambling, including lotteries, were illegal in many countries. This remained so until after World War II. In the 1960s casinos and lotteries began to appear throughout the world as a means to raise revenue in addition to taxes. /www.en.wikipedia.org/

1.1.2 Brief history of National Lottery Administration of Ethiopia (NLA)

The National lottery Administration of Ethiopia, as an autonomous state Organization was established by Ethiopian government proclamation number 163 in 1961 GC. The main task of this organization at that time was to establish and run state lotteries in the country, with a view of providing a sort of entertainment to the public at large and at the same time to raise money for the central Treasury of the country.

The administration began its operation by issuing conventional lottery named regular lottery on September 8, 1961 GC which was drown after staying four months in the market. The wining amount of this lottery at that time is 10,000 Birr.

The administration was once again recognized and strengthened by proclamation No 210 in 1981 GC in the light of new socio-economic developments. On this proclamation the responsibilities and the regulatory powers of the institution concerning all public gaming was restated, concretized and centralized.

According to the revised proclamation the administration has two objectives. The first one is operating and administration of money lottery and the second one is to regulating and controlling of lottery related activities in the country, including gambling. The second objective include also the power of issuing permissions to other persons who carry out lottery related activities and suspend and cancel the permissions during sufficient reasons are appear and collect charges for the permissions issues. The proclamation also gives a power to permit and restrict the importation and transaction of game related items in the country, including machines wheels.

For the third time the administration is reorganized by the new revised proclamation No 160 in 2009 GC with the following vision and mission statements:

Vision Statement:

"To see a modern and diversified of recreational and attractive lottery activating throughout the country this, in turn can contribute to the socio-economic development of the public"

Mission Statement:

"To increase the entertainment and satisfaction level of the public from lottery games, to effect prompt payment to prize winners; as well as to generate more revenue by allowing private sector participation in selection game areas and conduct regulatory activities through establishing modernized organizational setup equipped with trained man power."

According to the revised proclamation number 160/2009, the administration is accountable to the Customs and Revenue Authority of Ethiopia. It structured by Director General, one Deputy Director General, two core process (Lottery distribution and sales process and Licensing and controlling process) and six other supporting processes and branch offices around the country.

Currently, the Administration has succeeded to raise its number of branches (lottery sells office, as they are called) to 49, by end of December 2011. It is gathered that 15 of the total branches are located in the capital city; Addis Ababa and the rest of 34 are located in the major cities and towns of the nation. It has also managed to secure a total workforce of 541 by the end of December 2011. This total workforce can be broadly classified as managerial (102) and non-managerial (439) in terms of job positions available in the head office as well as in branch office. Classification by gender of the total staff indicates that 375 are male and the remaining 166 are female. For performance appraisal purposes, the staff is classified as supervisory, clerical and non-clerical.

1.1.3 Lottery as Entertainer and Revenue Generator in Ethiopia

In conclusion, I would like to state that the National lottery Administration of Ethiopia is an institution that caters to a specific public need through providing a beneficial entertainment. It provides funds for many of its winning customers, has given opportunity of employment to its vendors, agents and of course to its permanent employees. It has assisted worthy causes in Ethiopian society, not to mention its increasing contribution to the central Treasury.

In the past 50 years the administration has play a vital role in supporting the socio-economic development run of the country. In Ethiopia different community development projects and charitable activities are financed from the income generated from lottery. In the current situation the government of Ethiopia is use, income generated from lottery activity, as a means to raise revenue in addition to taxes.

1.2. Statement of the problem

Improving organizational productivity (performance) has become one of the overriding goals of human resource management. Organizational performance 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 to ensure that it is in line with the interests of organizations. However, it seems that performance appraisal is not given the proper attention by most organizations in the country and is exercised periodically more as a usual practice than as a tool of motivation on the basis of which various administrative and developmental decisions are taken.

Although the student researcher has not come up with documentary evidences, it is evident that performance related problems would be among the major reasons underlying the high staff turnover, low productivity and increasing number of customer complaints many organizations are experiencing.

Moreover, most organizations do not have a formal practice of giving performance feedback to their employees on a timely basis and do not encourage their managers to engage in appraisal discussions, which help make employee performance related problems explicit thereby enhancing organizational productivity through motivating employees to improve their performance. Consequently, it is not unusual that most employees perceive performance appraisal as evaluative in which case they consider it as a tool of punishment for unfavorable performance, even as a threat to their stay with the organization, than as one that aims at stimulating better future performance through enabling employees to learn from their past mistakes so that they contribute their best to the good of both parties in the future.

At last, certain factors related both to the instrument of appraisal and the appraiser seem to undermine effective utilization of the performance appraisal system. It is not unusual to find appraisal instruments (forms) burdened with non-job-related criteria against which employees' job-related performances are apt to be evaluated. This subjectivity embodied

in appraisal instruments, added to lack of rater training and personal bias, is a challenge for performance appraisal systems in meeting their intended purposes.

This case study was conducted to evaluate the performance appraisal practices of National Lottery Administration of Ethiopia Strengths and weaknesses of the appraisal system are pinpointed. Finally, recommendations that are believed to solve any flaws encountered in the system are proposed.

1.3. Research Questions

This research has tried to give answers to the following research questions.

- What does the performance appraisal process of the NLA look like?
- Is the performance appraisal system of the NLA meeting its intended objectives and how do employees perceive the system?
- Are the criteria used in the system appropriate?
- What are the major problems underlying the appraisal system of the NLA?

1.4. Objectives of the study

The study has the general objective of assessing performance appraisal practice of National Lottery Administration of Ethiopia and recommending solutions for problems related to the subject matter.

With the above general objective, the study have the following specific objectives:

- To identify what roles (purposes) performance appraisal system serves and how employees perceive the system
- To identify who would be involved in appraising performance and what aspects of performance would be appraised by those involved
- To see what methods are available to appraising performance and assess the frequency of the appraisal practice
- To uncover potential problems related to performance appraisal and state ways of overcoming those problems

- To suggest whether employees should participate in setting their own performance objectives
- To find out and assess the factors that should be considered in performance appraisal
- To see whether appraisers provide timely feedback and conduct post assessment discussion with employees and whether employees should have access to their rating results
- To recommend possible solutions for any pitfalls uncovered in the empirical findings

1.5. Significance of the study

The study has the following significances:

- To serve as a reference material for both academicians and practitioners.
- It initiates the concerned organization to reassess its existing practices and put a renewed emphasis on this undermined and yet core human resource functions - performance appraisal with a view to maximizing its benefits.
- It initiates other interested researchers to carry out more extensive studies in the area.

1.6. Scope of the study

The study has cover those employees working in the Head Office and those branch offices located in Addis Ababa City Administration for the last two years. Hence, it has not consider the views and opinions of those working in outlying branch offices. No distinction has been made between managerial appraisal and employee appraisal. Rather, all staff have been treated under the general heading of 'employees'.

1.7. Research Methodology and Methods

The study has used the survey research method. The target population of the study comprises all employees of National Lottery Administration of Ethiopia (managers as well as non managers) working at the head office and 15 selected area branch office

located in Addis Ababa. The area branch office and respondents were selected on the basis of a criterion which demands at least two years of stay in operations for the former and the same length of service for the latter. And the respondents has at least two years of services in the administration which is believed to give them enough exposure to the performance appraisal practices of the administration.

1.7.1. Sampling Design

In selecting the research subjects, both judgmental and stratified random sampling are employed. Judgmental sampling is used to select the 15 branch offices located in the capital city, Addis Ababa, considered for the study. Accordingly, those branch offices meeting the minimum operational requirements and having staff with the desired experience and representativeness were selected. Of the total of 423 employees that exist in the head office and the selected branch office (321 in the Head Office and 102 in the branch office) as at December 30, 2011, 89% were estimated to have a working experience of two or more years in the Administration.

For purposes of administering questionnaires, the eligible staff was stratified into two broad categories: supervisory (managerial) and non-supervisory. Therefore, questionnaires were served to a total of 231 respondents: 50% of the total head office and 70% of the total selected branch offices' population. From the total served questionnaires 212 have been collected.

1.8.2. Data sources, collection methods and instruments

The study has used both primary and secondary data in its construction. Primary data was collected mainly through questionnaires of both types (closed-ended and open-ended) as well as through interviewing concerned human resource staff. Accordingly, two types of questionnaires, one for managerial (supervisory) and the other for nonsupervisory respondents, were served.

Secondary sources such as published books, appraisal forms, and the Internet have also been extensively reviewed as references.

1.8.3. Data management (Analysis)

A descriptive method is used to present and interpret the data collected on various dimensions of the appraisal system. Frequency Tables along with percentages are also employed to analyze the responses of employees on those dimensions.

1.9 Limitation of the study

The limitation of the study was been resources and time, since the data collection was carried out by the researcher himself, because of those reason the report has not been detail. In addition, because of inaccessibility of the required data from the organization the study was not cover explicitly all areas of performance appraisal. The other limitation of this project has been the findings are based on sample and thus the sample was not represented the total population.

1.10 Organization of the study

The study is organized under four chapters. The introductory part bears background information, statement of the problem, objectives, significance of the study, the methodology used to conduct the study and limitations of the study. The second chapter deals with review of related literature.

The third chapter presents the empirical findings from assessment of the performance appraisal practice of National Lottery Administration of Ethiopia wherein the data gathered are analyzed and interpreted. In the fourth and last chapter, conclusions and recommendations are provided.

CHAPTER TWO

The Review of Literature

2.1. Overview of the performance appraisal system

Performance appraisal (PA) has developed over the course of a century into a complex and costly management support tool. Although objective appraisal systems provide accurate measures of employee performance, they require both organizational support and maintenance.

For supervisors and managers, the appraisal system is an instrument. How they use it will depend on both their perception of the organization's needs and how well they have been trained in its use (Daley, 1992).

When the quality of an individual's work performance is examined, PA is the preferred instrument. Ideally, PA is a lens that focuses the decision-making process on the appropriate job-related criteria. It becomes the means for assuring that a career is opened to talent and that the individual is rewarded meritorious performance (Daley, 1992).

An organization's continuous effort to improve the quality of the performance of its employees depends, in part, on some estimate of the current level of performance compared to the level desired. Selection and promotion procedures, training programs, and steps taken to improve worker motivation are all evaluated, in part, by estimating the quality of the performance of the people involved.

The question, then, is not whether an organization should have a rating program but, rather, what kind of program it is to be. For the small organization, where everyone knows everyone else, the most informal evaluations are probably adequate. But larger organizations find that a systematic rating procedure is essential to efficient operation, because without it there is no record of an individual's progress and no meaningful way to compare his performance with that of people in similar jobs in other parts of the organization (Barret, 1966).

The largest single cost over which the typical organization has direct control is that of its payroll, but, paradoxically, most organizations keep better records concerning the quality of the performance of their machines, plant and equipment than they do of their people (Barret, 1966).

Various academicians and researchers on human resource management have defined performance appraisal in different ways. Deanne N. den Hartog, Paul Boselie and Jaap Paauwe (2004) in their article entitled "Performance Management: A Model and Research Agenda" have cited the following definitions of performance appraisal:

- Performance appraisal is the system whereby an organization assigns some 'score' to indicate the level of performance of a target person or group.
- Performance appraisal is a system of review and evaluation of an individual's (or team's) performance.
- Fletcher (2001) defines performance appraisal more broadly as "activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards". Defined as such, performance appraisal is an important part of performance management.

Robert L. Mathis and John H. Jackson (1997) defined performance appraisal as the process of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. It also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal.

Realistic, measurable, clearly understood performance standards benefit both the organization and the employees. In a sense, standards show the "right way" to do the job. It is important to establish standards before the work is performed so that all involved will understand the level of accomplishment expected.

Standards often are established for quantity of output, quality of output, timeliness of results, manner of performance and effectiveness in use of resources.

2.2. Purposes of performance appraisal

PA is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it also serves the organization as a means for validating selection a hiring procedures, promoting employee-supervisor understanding, and supporting an organizations culture (Daley, 1992).

Performance appraisal serves a number of purposes in organizations. In general terms performance appraisal has two roles in organization, which are often seen as potentially conflicting. These are administrative and developmental roles. Performance appraisals can be sometimes conducted for personnel research purposes (Mathis & Jackson).

Those who favor formal performance evaluation contend that it serves several purposes, which are essentially extensions of the above two major roles (Ivancevich & Glueck, 1989, and Robbins, 1996). The following are some of them:

Developmental purposes. PA can determine which employees need more training and helps evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and encourages supervisors to observe subordinate behavior to help employees. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. Similarly, the effectiveness of training and development programs can be determined by assessing how well those employees who have participated do on their performance evaluation.

Reward and compensation purposes. PA helps the organization decide who should receive pay raise and promotions. It can determine who will be laid off. It reinforces the employee's motivation to perform more effectively. PA also provides information that can be used to determine what to pay and what will serve as an equitable monetary package. Decisions as to who gets merit pay increases and other rewards are frequently determined by performance evaluations.

Motivational purposes. The presence of an evaluation program has a motivational effect: it encourages initiative, develops a sense of responsibility, and stimulates effort to perform better. What defines performance in the expectancy model of motivation is the individual's performance evaluation. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance evaluation and that the favorable evaluation will lead to the rewards they value.

Following the expectancy model of motivation, if the objectives that employees are expected to achieve are unclear, if the criteria for measuring those objectives are vague, and if the employees lack confidence their efforts will lead to a satisfactory appraisal of their performance or believe there will be unsatisfactory payoff by the organization when their performance objectives are achieved, one can expect individuals to work considerably below their potential.

Legal compliance. It serves as a legally defensible reason for making promotion, transfer, reward, and discharge decisions.

Personnel and employment planning purposes. PA serves a valuable input to skills inventories and personnel planning. Performance evaluations can be used as criterion against which selection and development programs are validated. Newly hired employees who perform poorly can be identified through performance appraisal.

Communications purposes. Evaluation is a basis for an ongoing discussion between superior and subordinate about job-related matters. Through interaction, the parties get to know each other better. Evaluations fulfill the purpose of providing feedback to employees on how the organization views their performance.

2.3. Performance appraisal as part of the performance management system

Most people think that "performance management" and "performance appraisal" are one and the same thing. Performance appraisal is the process by which an individual's job performance is assessed and evaluated. It answers the question, "How well has the employee performed during the period of time in question?" Thus it is only a part of performance management (Bacal, 1999).

Performance management, according to Bacal (1999) is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about:

- The essential job functions the employee is expected to do
- How the employee's job contributes to the goals of the organization
- What "doing the job well" means in concrete terms
- How employee and supervisor will work together to sustain, improve or build on existing employee performance
- How job performance will be measured
- Identifying barriers to performance and removing them

Thus, it advisable that organizations exercise performance appraisal as one of this ongoing communication process so that they can reap the benefits associated with it. It is also when performance appraisal is looked at in this way that employees' perception of it as a developmental tool, rather than merely an evaluative instrument, can be enhanced.

According to Roberts (2001) performance management involves the setting of corporate, departmental, team, and individual objectives (sometimes labeled "policy deployment", the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems; appropriate reward strategies and schemes; training and development strategies and plans; feedback, communication, and coaching; individual career planning; mechanisms for monitoring the effectiveness of performance management system and interventions and even culture management. Thus, performance management involves the day-to-day management, as well as the support and development of people.

2.4 The Performance Appraisal Process

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

21

1. Establish Performance Standard

2. Communicate Standards to Employees

3. Measure Actual Performance

4. Compare Performance with Standard

5. Discuss Appraisal with Employees

6. Initiate Corrective Action

1. Establishing Performance Standards

The first step in appraising performance is to identify performance standard. A *standard* is a value or specific criterion against which actual performance can be compared (Baird, et.al, 1990). Employee job performance standards are established based on the job description. Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the broad criteria against which employees performance is measured.

2. Communicating Standards to Employees

For the appraisal system to attain its purposes, the employees must understand the criteria against which their performance is measured. As Werther and Davis (1996), stated to hold employees accountable, a written record of the standards should exist and employees should be advised of those standards before the evaluation occurs. Providing the opportunity for employees to clearly understand the performance standards will enhance their *motivation* and *commitment* towards their jobs.

3. Measuring Performance

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

4. Comparing Performance with Standard

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

performance with the standard either performance match standards or performance does not match standards.

5. Discussing Appraisal with Employees

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results (Glueck, 1978). After the evaluation, the rater must describe work-related progress in a manner that is mutually understandable. According to (Glueck, 1978). feedback is the foundation upon which learning and job improvement are based in an organization. The rater must provide appraisal feedback on the results that the employee achieved that meet or exceed performance expectations. As Glueck (1978) noted, reaction to positive and negative feedback varied depending on a series of variables such as:

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

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

6. Initiating Corrective Action

The last step of the performance appraisal is taking corrective action. The management has several alternatives after appraising performance and identifying causes of deviation from job-related standards. The alternatives are 1) take no action, 2) correct the deviation, or 3) review the standard. If problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must analyze and identify the reasons why standards were not met. This

would help to determine what corrective action should be taken. For example, the cause for weak performance can range from the employee job misplacement to poor pay. If the cause is poor pay, corrective action would mean compensation policy reviews. If the cause is employee job misplacement, corrective action would mean assign employee to a job related to his/her work experience and qualification. Finally, it is also important to revise the performance standard. For example, the major duties stated in the job description and the qualification required to do the job may not match. In this case corrective action would mean to conduct job analysis to effectively determine the *job description* and *job specification*. Hence, the evaluator would have a proper guide i.e., performance standards that make explicit the quality and/or quantity of performance expected in basic tasks indicated in the job description.

2.5. Methods of performance appraisal

In order for performance appraisal to achieve its purposes, a variety of methods have been developed. The choice of a method depends on organizational ethos, its objectives in making the appraisal, its size, product, technology, etc. The most prevalent methods fall under four major groups, namely, category rating methods, comparative methods, narrative methods, and special methods.

2.5.1. Category rating methods

These are the simplest methods for appraising performance which require a manager (supervisor) to mark an employee's level of performance on a specific form. The graphic rating scales, checklist and the forced choice method fall under this classification.

Graphic Rating Scale. This is the oldest and most widely used performance evaluation technique also known as linear rating scale or simple rating scale. It measures the degree of characteristics required for adequate performance of the job and consists of a number of characteristics and qualities which are judged on a point scale. The rater is presented with a set of traits such as quantity and quality of work, knowledge of job, cooperativeness, dependability, attendance, attitude, initiative, leadership, decisiveness, emotional maturity, etc. The supervisor evaluates these characteristics on a point scale

from high to low, excellent to poor, etc. The advantage of this method is that it is easy to construct, understand, and use. Moreover, they allow for quantitative analysis and comparison. A major drawback to this method is its subjectivity and low reliability. Another limitation is that the descriptive words often used in such scales may have different meanings to different raters.

Checklist. The checklist is a simple rating technique in which the supervisor is given a list of statements or words and asked to check statements representing the characteristics and performance of each employee.

There are several difficulties with the checklist: (1) as with the graphic rating scale, the words or statements may have different meanings to different raters; (2) raters cannot discern the rating results if a weighted checklist is used; and (3) raters do not assign the weights to the factors-it is some one else, such as a member from the HR department who usually does so. These difficulties limit the use of the information when a rater discusses the checklist with the employee, creating a barrier to effective developmental counseling.

Forced choice. In its simplest form, the method consists of providing a list of behavior related statements. The supervisor is asked to indicate one least and one most descriptive statement for a particular subordinate. These statements are usually grouped in clusters of five based on a broad theme covered by these statement. Each statement carries some weight which is not known to the supervisor.

One distinct advantage of this method is that it is very objective. The supervisor does not know the weights of the statements and hence can only check those that are most and least descriptive of an employee. There is no way he/she can favor a particular employee. However, the same can be said to be the most distinct disadvantage of the method. When a supervisor genuinely wants to reward an employee, he/she cannot do it because he/she doesn't know the weight of a statement. A second disadvantage of a forced choice method takes lot of time, effort, and requires professional help.

2.5.2. Comparative methods

Ranking systems involve comparing people against each other and determining whether an employee is better than, the same as, or worse than his or her colleagues on the basis of some set of criteria (Bacal, 1999).

Ranking systems have the potential to cause unwanted side effects. Because ranking systems compare colleagues, in a very real sense they push people to compete with each other. There are two ways for an employee to be ranked higher than his/her colleagues. One is to perform better and accomplish more. That is not bad. The second way is for the employee to make sure that his/her colleagues (competitors) perform worse and accomplish less, which is bad (Bacal, 1999).
Comparative methods include ranking, paired comparison, and forced distribution.

Ranking. The ranking method consists of listing all employees from highest to lowest in performance. It is difficult to do if the group of employees being compared numbers over 20. It is also easier to rank the best and worst employees than it is to evaluate the average ones. Simple ranking can be improved by alternative ranking. In this approach, the evaluators pick the top and bottom employees first, then select the next highest and next lowest, and move toward the middle (Ivancevich & Glueck, 1989).

The primary drawback of the ranking method is that the size of the differences among individuals is not well defined. For example, there may be little difference in performance between individuals ranked second and third but a big difference in performance between those ranked third and fourth. This drawback can be overcome to some extent by assigning points to indicate the size of the gaps. Ranking also means that someone must be last. It is possible that the last-ranked individual in one group would be the top employee in a different group (Mathis & Jackson, 1997).

Paired comparisons. This method requires the rater to compare each employee with every other employee working under him/her on the overall efficiency aspect (Saiyadain, 1999). The number of comparisons can be calculated using the following formula:

N(N-1)/2 Where N = Number of people rated

The paired comparison method gives more information about individual employees than the straight ranking method does. The large number of comparisons that must be made is the major drawback of this method (Mathis & Jackson, 1997)

Forced distribution. This method is developed to prevent the raters from rating too high or too low. Under the forced distribution method, the rater after assigning the points to the performance of each employee has to distribute his/her ratings in a pattern to conform to normal frequency distribution (Rao & Rao, 2004)

There are several drawbacks to the forced distribution method. One problem is that a supervisor may resist placing any individual in the lowest (or the highest) group. Difficulties may arise when the rater must explain to the employee why he/she was placed in one grouping and others were placed in higher groupings. Further, with small groups, there may be no reason to assume that a bell-shaped distribution of performance really exists. Finally, in some cases the manager may be forced to make distinctions among employees that may not exist (Mathis & Jackson, 1997).

Generally, the distribution of performance appraisal ratings does not approximate the normal distribution of the bell-shaped curve. Hence this method is based on the rather questionable assumption that all groups of employees will have the same distribution of excellent, average and poor performers. If one department has all outstanding employees, the rater would find it difficult to decide who should be placed in the lower categories.

2.5.3. Narrative methods

Written appraisal information is sometimes required of some managers and human resource specialists. These methods are used when documentation and description of an employee's actions are sought rather than an actual rating. The two most widely used techniques that fall under this classification are the essay and critical incident methods.

Essay or free form appraisal. This method requires the rater to write a short essay describing each employee's performance during the rating period. It emphasizes evaluation of overall performance, based on strengths and weaknesses of employee performance, rather than specific job dimension. As raters may be required to enumerate

specific examples of employee behavior, the essay technique minimizes rater bias and hallo effect (Rao & Rao, 2004). A written essay requires no complex forms or extensive training to complete, but the results often reflect the ability of the writer. A good or bad appraisal may be determined as much by the evaluator's writing skill as by the employee's actual level of performance (Robbins, 1996).

Critical incidents. Critical incidents focus the evaluator's attention on those behaviors that are key in making the difference between executing a job effectively and executing it ineffectively. That is, the appraiser writes down anecdotes describing what the employee did that was especially effective and ineffective. The key here is that only specific behaviors, not vaguely defined personality traits, are cited (Robbins, 1996).

Critical incidents, according to critics, are misleading because only the extreme and unusual elements are reported at the expense of the steady, day-to-day performance, which is the real substance of an employee's effectiveness. The unsystematic records kept by supervisors leave great room for the operation of the bias the system is supposed to eliminate, or at least to reduce (Barret, 1966).

2.5.4. Special methods

These methods comprise behavioral ratings and management by objectives (MBO).

Behavioral rating approaches. These approaches attempt to assess an employee's behaviors instead of measuring or quantifying outputs. Behavior-based performance appraisal formats which concentrate on the rate's behaviors are most appropriate under circumstances where controlling behaviors or processes assumes that the desired output will result. In other words, they are most appropriate when the transformation process is understood or when there is a high degree of linkage between means and ends (Lee, 1985).

Some of the different behavioral approaches are: behaviorally anchored rating scales (BARS), behavioral observation scales (BOS), and behavioral expectation scales (BES). BARS match descriptions of possible behaviors with what the employee most commonly exhibits. BOS are used to count the number of times certain behaviors are exhibited. BES

order behaviors on a continuum to define outstanding, average and unacceptable performance (Mathis & Jackson, 1997). BARS are presented below as representatives to behavioral ratings.

Behaviorally anchored rating scales (BARS). BARS combine major elements from the critical incident and graphic rating scale approaches: The appraiser rates employees based on items along a continuum, but the points are examples of actual behavior on the given job rather than general descriptions or traits. BARS specify definite, observable, and measurable job behavior. Examples of job-related behavior and performance dimensions are found by asking participants to give specific illustrations of effective and ineffective behavior regarding each performance dimension.

These behavioral examples are then translated into a set of performance dimensions, each dimension having varying levels of performance. BARS are intended to specify in an ambiguous fashion the behavioral characteristics of effective and ineffective performance. Briefly, scales are developed by distilling critical incidents (examples of good and poor performance, supplied by those familiar with a job) into a manageable number of performance dimensions. The proposed advantage of BARS is that evaluator bias (halo, central tendency effects) is reduced as criteria of performance become more behaviorally grounded (Keely, 1978).

Management by objectives (MBO). This method of appraisal was introduced and made popular by Peter Drucker (1961). In this method, subordinate in consultation with the supervisor sets out short term objectives followed by specific actions that he/she has to carry out. The goals are jointly set and are action-oriented. Since they are verifiable, appraisal becomes easy. At the end of specified time period, the activities are jointly reviewed by both the subordinate and the supervisor, and depending on the performance of the subordinate, the goals are modified or redesigned for the next period of time (Saiyadain, 1999).

According to Mathis & Jackson (1997), three key assumptions underlie an MBO appraisal system. First, if an employee is involved in planning and setting the objectives and determining the measure, a higher level of commitment and performance may result.

Second, if the objectives are identified clearly, and precisely, the employee will do a better job of achieving the desired results. Ambiguity and confusion - and therefore less effective performance - may result when a superior determines the objectives for an individual. By having the employee set objectives, the individual gains an accurate understanding of what is expected. Third, performance objectives should be measureable and should define results. Vague generalities, such as "initiative" and "cooperation," which are common in many superior based appraisals, should be avoided. Objectives are composed of specific actions to be taken or work to be accomplished.

MBO is no cure-all, no panacea for all managerial ills. It, too, has dysfunctional consequences (Flippo, 1980). First, when multiple activities are closely interrelated, one will have to move to establishment of group objectives prior to identifying individual responsibilities.

A second limitation of the approach is the difficulty of applying it to many non-managerial positions. Considering the time and effort that must be allocated to a well-designed MBO plan, most firms restrict its application to managerial, technical, and professional personnel.

A final limitation is that MBO makes comparative assessment of multiple personnel rather difficult. In traditional assessment methods, all personnel are rated on common factors. In MBO, each person will have different sets of goals of non-comparable complexity and difficulty of accomplishment. Management must still make various decisions on a comparative basis – who gets the pay increase or who is to be promoted. Superiors will, however, develop a strong impression of a subordinate's effectiveness in an MBO program, not only in performances related to goal accomplishment, but also in his/her conception of the job and its major goals.

2.6 Potential problems to performance appraisal

While organizations may seek the performance appraisal process to be free from personal biases, prejudices, and idiosyncrasies, a number of potential problems can creep into the process (Robbins, 1996). Problems related to performance appraisal can be of three

general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999).

2.6.1. Human errors (rating biases)

Human errors are called so because they just happen and supervisors may neither know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted:

Single criterion. A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors.

Leniency error. Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.

Halo error. This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.

Central tendency errors. Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao & Rao, 2004).

Recency vs. primacy effect. One difficulty with many of the evaluation systems is the time frame of the behavior being evaluated. Raters forget more about past behavior than current behavior (Ivancevich & Gluedck, 1989). Recency refers to the proximity or

closeness to appraisal period. Generally, an employee takes it easy for the whole year and does little to get by the punishment. However, as appraisal time gets closer, he/she becomes very active creating an illusion of efficiency in the rater thereby affecting his/her appraisal decision.

Primacy is the opposite of ecency. It refers to a situation where an employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

Similarity error. This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006).

2.6.2. Problems of criteria

Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform.

2.6.3. Problems of confidentiality

One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this. First, each employee expects rewards if the report is better than average, which may not be administratively possible, Secondly, very often supervisors pass the challenge to top management by saying that while they did give good ratings to the employee; top management did not take that into consideration. Thirdly, giving rewards is not the only objective of appraising employees.

Given these reasons, it is emphasized that supervisory ratings of employees should be kept confidential.

On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated. In fact, MBO, which is tailored to the individual, was introduced to take care of this problem. However, MBO does not readily provide the data needed for decisions on wage increase, promotion, and other personnel actions that require comparisons between two and more employees.

2.7. Overcoming problems

Just because organizations can encounter problems with performance appraisal should not lead mangers to give up the process. Some measures can be taken to overcome most of the problems (particularly those caused due to human errors) identified above. Robbins (1996) has suggested the following:

Use of multiple criteria. The more complex a job, the more criteria that will need to be identified and evaluated. Only the critical activities, not everything, that lead to high or low performance are the ones that need to be evaluated.

Emphasizing behaviors rather than traits. Many traits often considered to be related to good performance may, in fact, have little or no performance relationship. For example, individuals who rate high on such traits as loyalty, initiative, courage, reliability, etc., may be poor performers. Conversely, it is possible to find excellent performers who do not score well on such traits.

Documenting performance behaviors in diary. By keeping a diary of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1996). Diaries, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits.

Use of multiple evaluators. As the number of evaluators increases, the probability of attaining more accurate information increases. Thus, if an employee has had nine supervisors, nine having rated him/her excellent and one poor, one can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as to gain a number of evaluations or by using multiple assessors (as provided in 360-degree appraisals), the probability of achieving more valid and reliable evaluations can be increased.

Evaluate selectively. It has been suggested that appraisers should evaluate only those areas in which they have some expertise Borman (1974), as cited in Robbins (1996). If raters make evaluations on only those dimensions on which they are in good position to rate, inter-rater agreement can be increased and evaluation can be made a more valid process.

This approach also recognizes that different organizational levels have different orientations toward ratees and observe them in different settings. In general, therefore, it is recommended that appraisers should be as close as possible, in terms of organizational level, to the individual being evaluated. Conversely, the more levels that separate the rater and ratee, the least opportunity the rater has to observe the ratee's behavior and not surprisingly, the greater the possibility for inaccuracies.

Train raters. Rater training is an area which has recently shown some promise in improving the effectiveness of performance ratings. Smith (1986) reveals that researchers use three methods to present training: lecture, group discussion, and practice and feedback. Lecture presentation includes the traditional classroom-type monologue (requiring little or no participation from the trainees in discussing the material being presented).

Group discussion training includes approaches which use participation by the group to ensure that the content of the training is fully understood by each trainee. This approach may require the discussion group to either generate solutions to specific rating errors or to define performance dimensions for the job being evaluated.

Practice and feedback training provide raters with an opportunity to practice evaluating job performance. The rater is allowed to compare his/her ratings given by "experts" or predetermined "true score." Feedback also can include the rater pointing out specific rating errors (for example, leniency or halo) that were made by the rater.

Smith (1986) further has outlined that the content of training falls into three categories, namely, Rater Error Training; Performance Dimension Training; and Performance Standards Training. Rater error training attempts to directly reduce rating errors, typically by presenting raters with examples of common rating errors such as leniency, halo, central tendency, and contrast errors. After raters are familiar with these errors, they are encouraged to avoid them.

Studies categorized as performance dimension training attempt to improve the effectiveness of ratings by familiarizing raters with the dimensions by which the performance is rated. This is done by providing descriptions of job qualifications, reviewing the rating scale used in the evaluations, or having raters practice in the actual development of the rating scale.

Training in performance standards attempts to provide raters with a frame of reference for making evaluations of the ratee's performance. The goal is to get raters to share common perceptions of performance standards. A frame of reference is achieved by presenting samples of job performance to trainees along with the appropriate or "true" ratings assigned to the performance by trained experts.

2.8. Factors affecting performance appraisal

According to Ivancevich & Glueck (1989), there are several factors that have significance for performance evaluation. One factor is the task. A white collar or supervisory task is more likely to be formally evaluated than a blue collar task. In addition, the performance evaluation technique used will differ with the task being valuated. Other factors affecting performance evaluation are government requirements, regulations and laws. By inducing organizations to keep better records to support their decisions, government action has indirectly encouraged better performance evaluation systems.

Keeley (1978) in his "Contingency Framework for Performance Evaluation" has proposed that different appraisal techniques would be appropriate to different organizational structures depending on the degree of task uncertainty. Thus the following are suggested:

- *Behavior-based evaluation procedures (e.g. BARS) - those defining specific performance expectations and, hence highly "mechanistic" in structure – are most appropriate for certain tasks.*

- *Objective-based evaluation procedures (e.g. MBO) – those defining less specific performance expectations and, hence, moderately "organic" in structure – are most appropriate for tasks which are neither extremely certain nor extremely uncertain.*

- *Judgment-based evaluation procedures (e.g., multi-rater techniques) – those defining the least specific performance expectations and, hence, highly, "organic" in structure – are most appropriate for uncertain tasks.*

Other factors influencing performance evaluation, according to Ivancevich & Glueck (1989) are the attitudes and preferences of employees. For people whose value fit the work ethic, evaluations can be very important. If this process is badly handled, turnover increases, morale declines, and productivity can drop. For employees with instrumental attitudes toward work, performance evaluation is just another process at work. Since work is not too important to them, neither are evaluations. They want a job to earn money, and that is it.

One important factor that can affect performance evaluation is the leader's (supervisor's) style. Supervisors can use the formal system in a number of ways: fairly or unfairly, in supportive manner or punitively, positively or negatively. If the supervisor is punitive and negative with an employee who responds to positive reinforcement, performance evaluation can lead to the opposite of the results expected by the enterprise.

Finally, if there is a union present in the organization, performance evaluations might be affected. Different unions take different positions in support or in opposition of formal

performance evaluations. Most oppose the use of non-measurable, nonproduction-related factors in performance evaluation.

2.9. Employee participation in the appraisal System

One way of approaching appraisal lays emphasis on work performance rather than on the characteristics of the person doing the work Beveridge(1975). It involves a process of two-way communication not only about means to goals but about the goals themselves. In the midst of today's rapid technological and organizational change managers have to recognize the impossibility of knowing enough about the details of every job to be able to tell their subordinates what to do and how to do it. This recognition implies the acceptance of a new role, no longer that of the more all wise, all powerful autocrat but that of the more democratic resource person who discusses his/her subordinates' work with them, listens to their ideas, encourages their analyses of the problems involved, and their suggestions about how these problems may be dealt with. In this role the manager's task is to help his subordinates evaluate the usefulness of their strengths, assess their practicability, work out how best they may be implemented. The manager as appraiser no longer takes over control of his subordinators' work, as happened in traditional appraisal, but enables them to perform their own work tasks more effectively. His/her role is not judgmental but enabling.

Appraisal in recent years has thus become a tool for corporate planning rather than a method for controlling individual jobs and assessing individual workers. The emphasis in an increasing number of organizations is directed towards work planning and review sessions where managers and subordinates are engaged in an interactive analysis of organizational behavior and the defining of organizational work goals. There are two points of special important to be noted here.

First, this approach to appraisal will not work until there is mutual confidence between superior and subordinate. The appraising manager must have confidence in his/her subordinate's competence to analyze and assess his/her own job and in the realism and relevance of the work goals he proposes. The subordinate must also have confidence in

his/her manager's comments on his/her work goals and on their interaction with the goals of others in the organization.

Secondly, discussion of individual goals in interactive groups is an increasingly important part of the appraisal procedure. Such discussion makes visible the real efforts of each man to his colleagues in the managerial team, identifies where his and their goals meet, and opens the way to a more effective coordination of their activities. It helps to prevent the manger foisting his own ideas about goal setting on to his subordinates, urging goals which may be unrealistic.

In the long run no goal setting exercise will prove effective unless the manager is prepared to work with his subordinates. If he is to force his views about the way the organization should be run and refuses to listen to the proposals of his subordinates who are engaged in doing the job, not even group resistance will prevail against him. Members of the group will then either escape the situation by finding other work or will stay on and make their main objective not the most effective performance of their jobs but the subversion of the manager's plans, or, finally, will become apathetic, doing what they are told to do, no more and no less. The tragedy for the organization is that it is likely the best people who will leave.

2.10. Feedback and appraisal interview

Appraisal is properly a learning process. Through their interaction in the appraisal the appraiser and his/her subordinate each learn how to make a more effective contribution to the adequate performance of the work. If this does not happen, appraisal merely serves a cataloguing purpose, 'this man is effective; that man is ineffective.' To enable learning to take place, the appraiser must provide the opportunity for an analysis by the subordinate and himself of the subordinate's performance so that the later can see where he/she is doing well and where badly. This kind of feedback is essential to learning. At the same time the appraiser must allow the subordinate to exercise influence over his own work methods and targets (Beveridge, 1975).

Beverage et.al. further stated that there are essentially four approaches used by managers to communicate performance feedbacks to (conduct appraisal interviews with) their subordinates.

The tell approach. The objective of traditional forms of appraisal seems to have been to control the job by controlling the man who did it; the emphasis of the appraisal was therefore on the man. The manager told his subordinate how in his opinion he was getting on, what his strengths and weaknesses were, and how he should set about developing the former and eradicating the latter. The manager assumed he had the right to do all these things because he was convinced he knew all about the job and the qualities required of the man who had to do it, he made a personal assessment of the subordinate's qualities and decided how far they were adequate or inadequate for the job, he acted indeed as a sort of judge. Appraisal was essentially a one-way affair and the subordinate listened carefully and, if he wanted to keep his job and get on in the organization, did as he was told. This form of appraisal did not stimulate new ideas, it did not face the subordinate with many challenges but, so long as jobs did not alter very much, it kept the organization steadily ticking over. It was simply a' tell' procedure.

The sell approach. Sometimes, if there was an element of discretion in the job an occasional opportunity to choose between two ways of carrying out some aspect of the job, the manager might adopt a slightly less formidable tactic than the autocratic 'tell' approach; he might attempt to convince the subordinate that it would be best if he took the managerially approved course of action. He used the 'sell' approach, a manipulative style in contrast to the autocratic 'tell' approach.

The test approach. A variation of the 'tell' and 'sell' approaches' is the 'test' approach. This has the appearance of being more democratic in that it encourages discussion and decision-making by the subordinate but these are about means, not about ends. It is on a par with the behavior of the king who told his subject, 'I am going to have you executed but I wish to be democratic about it. You shall decide whether you wish to be beheaded, hanged or burned at the stake. It is entirely your decision; I have no wish to go down in history as an autocrat.' The 'test' approach allows for two-way rather then one-way

communication. The objectives however are defined by the manager, not by the subordinate.

The consult and join approach. In this approach the subordinate is asked to look at his job critically and constructively, to assess its problem and difficulties, to determine what actions and resources are needed to improve work performance. The manager's role is to help the subordinate carry out this critical analysis and evaluate the proposed solutions which the two have devised together. The manager has also the task of ensuring the provision of resources needed to implement the agreed solution, resources over which he may have an authority which the subordinate does not possess.

For many managers, few activities are more unpleasant than providing performance feedback to employees. In fact, unless pressured by organizational policies and controls, mangers are likely to ignore this responsibility (Meyer, as cited in Robbins, 1996).

There seems to be at least three reasons for mangers to be reluctant to give performance feedback. First, managers are often unwilling discussing performance weaknesses with employees. Second, many employees tend to become defensive when their weaknesses are pointed out. Lastly, employees tend to have an inflated assessment of their own performance.

The solution to performance feedback problem is not to ignore it, but to train managers how to conduct constructive feedback sessions. An effective review – one in which the employee perceives the appraisal as fair, the manager as sincere, and the client as constructive – can result in the employee's leaving the interview in an upbeat mood, informed about the performance areas in which he/she needs to improve and determined to correct the deficiencies (Nathan, Mohrman, Milliman, as cited in Robbins, 1996).

CHAPTER THREE

PERFORMANCE APPRAISAL PRACTICES OF NATIONAL LOTTERY ADMINISTRATION OF ETHIOPIA

Analysis

In this chapter, the data collected through questionnaires, interviews and organization documents will be presented and analyzed using statistical tables and narrations, as may be convenient, and interpreted. The findings from the respondents on different aspects of the appraisal system and possible reasons for any forth coming problems and solutions there to are also presented.

Before exploring deep into the various aspects of employee performance, it would seem logical to briefly see what the performance appraisal process of the NLA looks like.

3.1. Performance appraisal process in National Lottery Administration of Ethiopia

As a matter of fact, in NLA, it is the Human Resource Management (HRM) Division is responsible for the initiation and accomplishment of such major personnel issues as human resources planning, recruitment and selection, placement, training & development, determination of employee compensation schemes, performance appraisal, promotion, demotion, transfer and layoff, of course with continuous assistance and feedback from top management wherever necessary. Accordingly, the HRM Division, by the beginning of every next appraisal period, takes the initiative to remind the concerned authorities in the various departments of the Head Office and Branch office, via formal or informal means, to carry out the periodic employee appraisal and send the filled appraisal forms to the division within fifteen days after lapse of the previous appraisal period. Thus the HRM Division distributes appraisal forms to those organs of the administration which did not maintain enough copies in their stock. Concerned supervisors (managers) in the different organs then fill the employee appraisal forms (in three copies) for employees working under their supervision the results from which will be ascertained by the respective department head or area branch manager before dissemination to the rates. After approval by the concerned authority, the supervisor would then distribute the filled

forms to the respective employees. The latter, if they came up with any comments regarding their rating results, would write them on the space provided in the form for the purpose and would submit the form back to the supervisor or manager who may or may not initiate post assessment discussions with ratees. In most of the cases agreements are expected to be reached, in some way, between the supervisor and/or his/her boss and the ratee on the fairness of the latter's rating results. The department or branch office after retaining a copy of the filled forms in the employee's personal file maintained at its level would then finally send the remaining forms to the HRM Division that would be expected to consider the same for any subsequent personnel-related decisions.

NLA currently adopts three kinds of appraisal formats: one for supervisory staff and another for clerical staff, both prepared in English language and the third one an Amharic version meant for lower-level, non-clerical staff. While viewing their contents, the format for lower level staff is essentially the same as the one designed for clerical staff except being its Amharic equivalent. The format for supervisory evaluation is also of the same content with that of the clerical staff except two criteria involving supervision added to the former. The Amharic version and clerical staff formats each has 16 elements, one being a direct translation of the other, while the one for supervisory staff has 18. All formats bear additional space for any comments by the rater regarding the ratee's potential for higher position or greater responsibility, his or her exceptional accomplishments during the appraisal period, as to whether ratee's performance weaknesses, if any, can be improved through training and the type of training recommended, general comments about the ratee and/or his/her performance during the appraisal period in consideration, and finally spaces for comments by the ratee and a reviewer/second higher supervisor on any aspect of the appraisal system.

Table1. Profile of Respondents

Total number of respondents	Non-supervisors		Supervisors/manager		Total	
	Frequency	%	Frequency	%	Frequency	%
	134	100	78	100	212	100
Variables :						
Sex:						
M	102	76	74	95	176	83
F	32	24	4	5	36	17
Age :						
Below 25	16	12	-	-	168	8
25-35	114	85	46	62	160	75
35-45	4	3	16	21	20	9
45-55	-	-	10	13	10	5
Above 55	-	-	6	8	6	3
Educational background :						
High school complete	2	2	-	-	2	1
Diploma	70	52	12	15	82	39
First degree	62	46	60	77	122	58
Masters and above	-	-	6	8	6	3
Job experience years :						
$\geq 2 < 5$ (years)	90	67	14	18	104	49
≥ 5 (years)	44	33	64	82	108	51

Source: Questionnaire, June 2012

3.2. Performance goals and standards

A vital stage and, of course, the basis for the development of an appraisal system is the establishment of clear and objective performance standards. If employees are expected to perform their duties in a successful manner, it is natural that they be clearly communicated of their performance goals that should prove the highest degree of conformity with organizational goals. In the absence of such clearly laid down goals, personal goals may preside over organizational goals in which case organizational productivity would be adversely affected. Goals provide the basis for setting employee performance expectations.

The following table is compiled from responses given by sample respondents included in the survey.

Table 2. Employees' knowledge of performance expectations and satisfaction on job assignments

Q.1. Non-supervisors		Yes	No	Total
Are performance goals clearly communicated to you by your supervisors via job descriptions or other statement of performance expectations	Frequency	118	16	134
	%	176	24	100
Q.2. Supervisor (managers)				
Do you provide employees working under your supervision with job descriptions and clear performance expectations	Frequency	74	4	78
	%	190	10	100
Q.3. Non-supervisors				
Do you feel satisfied with the kind of job you are performing? In the other word, is your present assignment in line with careers plans to move up the organizational hierarchy?	Frequency	90	44	134
	%	134	66	100

Source: Questionnaire, June 2012

It can be observed from Table 2 above that the majority of the employees (88%) were provided with job descriptions and hence were well aware of the performance level that was expected of them. This fact is substantiated by the 95% response rate from supervisors of the employees who claimed to have provided their subordinates with job descriptions and clear performance expectations. Although the figures indicate that it is quite safe to conclude that there is the practice of providing employees with job descriptions, the fact that 12% of the employees and 5% of the supervisors did not come up with such a practice indicates that there is more to do on this aspect. The variations in the response rates of the two categories of respondents may be linked to attribution tendencies each has on the other for any failure in performance of duties.

An informal interview with some employees also has revealed that although they were provided with their job descriptions, they had little or no involvement in designing the

contents of the latter. Hence the employees perceive job descriptions as something imposed on them by their bosses rather than as guiding tools for the accomplishment of their duties.

Consequently they do not want to refer to the descriptions in their day-to-day activities rather than relying on intuition that builds in them as they gain experiences from their colleagues and adapt to the work culture of their units. Moreover, it is stated that job descriptions are prepared on the basis of what the job in different positions of the organization requires without due regard to who the occupants of those positions are and what capabilities and special talents they have. This may require occupants of those positions to either underperform or over- perform particularly if they have to strictly adhere to job descriptions, which in turn would lead to loss of motivation on the job.

Well designed job descriptions, which are the outcomes of job analysis, are the instruments that form the standards (criteria) against which employees' performance would be measured.

In the absence of job descriptions that bear clearly defined standards or criteria, performance appraisal would be difficult to exercise and employees may loose sight of the most important and challenging job activities while concentrating on the otherwise less important ones that contribute little to the effective performance of the individual or his/her work unit.

In their answer to question no. 2 that enquires "What would happen to the performance of employees in the absence of job descriptions and clear performance standards?" the supervisor (manager) respondents have forwarded the following opinions:

- There would be no benchmark against which employee performance would be measured. Performance appraisal in such situations, if at all there exists one, would suffer from lack of objectivity and consistency as supervisors' expectations of subordinates' acceptable performance level would greatly vary with actual output of employees rather than on the basis of a predefined level.

- Employee effectiveness would decline as there would be no clear understanding and knowledge of the task that he/she is expected to perform. Hence employee efforts would lack clear direction which would in turn lead to confusion and declined performance.

- Responsibility and accountability would be compromised. In the absence clearly defined performance expectations for which individuals would be held responsible and accountable, inefficiencies may creep in to the job performance: there would be duplication of effort as a single task may be unnecessarily performed by two or more individuals; a single employee may suffer from overlap of duties; managers or supervisors may be required to expend a great deal of their time coaching the day-to-day performance of their subordinates withdrawing their attention from handling their major responsibilities; it may be difficult to obtain employee's obedience to supervisor's instructions - employees may not even know whom they are accountable to; or the employee may suffer from lack of confidence and consequently may require supervisory instruction on every bit of his/her job thereby avoiding risk associated with taking the initiative by ones own, etc.

However, four respondents in supervisory (managerial) positions have a different standing from the rest arguing that nothing would happen to the performance of employees in the absence of job descriptions. Two of them states that the very fact of an employee's designation in a certain position would virtually underlie performance of certain duties which are evident irrespective of the presence of job descriptions. The other respondents argues from a different angle stating that a supervisor's continuous engagement in coaching and sharing of experience to his/her subordinate(s) would enhance the latter's performance much more than what formally written down job descriptions would mean to healthy performance.

It is better that some instructions be communicated to employees through written media. This would help in pinpointing accountability in cases where performance failure occurs. Providing employees with job descriptions and engaging in continuous coaching of subordinates' performance should not be taken as mutually exclusive. Supervisors would

better provide their subordinates with job descriptions and at same time coach their day-to-day performance to ensure whether they are performing according to the requirements.

Table 2 further demonstrates that a greater portion (67%) of the employee respondents is satisfied with the kind of job they are performing. As part of their satisfaction, these employees also have found their present assignment being in line with the career objective they want to achieve in their organization. However, while the response rate in favor of job satisfaction is quiet encouraging, it is equally worthwhile not to undermine the 33% employee job dissatisfaction response rate. It is often said and, of course, substantiated by research that "a happy worker is a productive worker." Hence employees who are satisfied with their job will have better performance than those who are not. Moreover, absenteeism and turnover will be less likely for satisfied employees than for dissatisfied ones.

An important role of a performance appraisal system is identification of employees' career development objectives. It is hard to imagine undertaking an employee's performance appraisal while in the first place the employee shows little or no interest in the nature of the position or the job he/she is assigned to perform. It is natural that human beings, at least in most cases, would prioritize their personal goals over organizational goals, which may sometimes prove to be counter opposite to each other. Higher level of employee performance and organizational effectiveness would be expected only when a reasonable degree of congruence is achieved between the two sets of goals. One possible measure that can be taken by organizations in this respect may be the latter's continuous engagement in the provision of career opportunities to their employees and the launching of career development and advice programs taking into consideration the employees' real talents and capabilities to pursue in that career. Doing so would benefit the organization in many ways such as enhancing person-job and person-organization fits, reducing turnover and boosting productivity.

A related question (Q.3), posed to the supervisory (managerial) respondents as to whether they are actively engaged in the assignment of their subordinates in their area of interest thereby assisting the latter in achieving their career development objectives, has revealed

that although initial staff placement is the mandate of the HRM Division, most of them are found involved in some sort of activities that would help them realize this objective once the employees are assigned to their department/branch offices . The following are among those practiced by the respondents:

- Rotating employees in the different work units of the organization which would enable the employees to broaden their knowledge of the different tasks which would in turn give them the chance to identify those areas in which the employees would be best interested in. Job rotation would help the employees to take the decision whether they should choose their ultimate career and to identify the specific area in which they should find themselves.

- Rather than engaging in job rotation which may sometimes create confusion to the employee adapting to different jobs, some have used a strategy whereby the employee is made to concentrate on his/her present job that would enable him/her to gain deep knowledge of the job. Proponents of this strategy believe that the employee would either find himself/herself interested in the job or arrange in some way with his/her superiors to get a transfer that would enable to satisfy the purported career objective.

- Carrying out periodic performance review meetings in which strengths and weaknesses in employee performance would be pinpointed for appropriate action.

- Others have pointed out that although behavior is dynamic and complex and consequently difficult to predict or identify people's interests and inclinations, their departments/branch offices tend to avoid monotonous working procedures and are engaged in triggering self initiations in the design of jobs as far as that would enable achievement of corporate objectives.

On the contrary, few supervisors (managers) have responded that they made no efforts in assisting their subordinates to find themselves in the right career path pushing this responsibility to the HRM Division which in most cases does not have direct contact with employees of other departments and branch offices except through their superiors.

It is advisable that supervisors (managers) be continuously engaged in setting favorable working conditions to their subordinates so that the latter can realize achievement of their career objectives through effective search of their competencies.

3.3. Performance appraisal method and criteria

National Lottery Administration of Ethiopia, in general makes use of the graphic rating scales method of performance appraisal whereby employee performance is compared to some set of predefined criteria. The appraisal form has five levels of grading for each factor or criterion of performance each of which is subdivided into four levels. All the criteria in the appraisal form are of equal weight. Thus employees' ratings for each criterion of performance are marked out of 10 points. The grading levels and the points assigned to them under the four levels of performance are summarized in the following Table.

Table 3. Content of appraisal form Points Assigned

Grading level	Point Assigned			
	Little less	Average	Above average	High
Excellent	8.5	9	9.5	10
Very good	6.5	7	7.5	8
Good	4.5	5	5.5	6
Fair	2.5	3	3.5	4
Poor	0.5	1	1.5	2

Source: performance appraisal format of NLA

The appraisal form also defines what constitutes excellent, very good, good, fair, and poor performance. Each criterion of performance on the form is broken down into specific measures that indicate the varying degrees of performance for a given performance variable.

The total rating results a non-supervisory staff earns are divided by 16 (the number of criteria available for non-supervisory employees) and those for supervisory staff would

be divided by 18 (the number for supervisory employees - with two additional criteria related to their supervisory capability, the 16 being essentially the same with those of non-supervisory staff).

The staff's total ratings would be determined by summing up his/her ratings for the different performance criteria from which an average rating result would be calculated to determine where in the grading level the staff's performance rating would lie. Most of the criteria in the appraisal form try to measure behavior though there are few that relate to traits.

3.3.1. Performance appraisal criteria for non-supervisory staff

The following list comprises the criteria that are in use in the prevailing appraisal instrument for non-supervisory (clerical and non-clerical) staff.

- Knowledge of the job
- Quality of the work
- Dependability and sense of responsibility
- Relation with other employees and customers
- Initiative at work and to help others
- Punctuality on his/her job
- Presence on his/her job
- Personal attitude
- Involvement in team work
- Commitment to fulfill corporate objectives
- Serving staff and customers with effective & efficient quality service
- Health situation that affects one's duty
- Effectiveness to implement instruction and directions including in circumstances of difficult situation
- Achievement in developing subordinates
- Effort for self development in knowledge & skill
- Personality on the job

3.3.2. Performance appraisal criteria for supervisory staff

The appraisal form for supervisory staff includes two additional criteria:

- Knowledge of the job
- Quality of the work
- Dependability and sense of responsibility
- Relation with other employees and customers
- Initiative at work and to help others
- Punctuality on his/her job
- Presence on his/her job
- Personal attitude
- Involvement in team work
- Commitment to fulfill corporate objectives
- Serving staff and customers with effective & efficient quality service
- Health situation that affects one's duty
- Effectiveness to implement instruction and directions including in circumstances of difficult situation
- Achievement in developing subordinates
- Effort for self development in knowledge & skill
- Personality on the job
- Achievements in building impartial and conducive working environment to the staff & customers
- Maturity/communication skills, leadership quality in solving problems and self discipline

As can be observed from the above list, many of the criteria, being behavior or trait – related, lend themselves to a high degree of subjectivity by raters.

Table.4. Opinion of sample respondents on the appropriateness of performance appraisal criteria

Q.9. For supervisor (managerial)		Yes	No	Indifferent	Total
Do you think that all the standards are appropriately understood by appraises?	Frequency	42	36	0	78
	%	108	92	0	100
Q.11. For both non supervisor and supervisors					
Do you think that the weights assigned for the criteria in the appraisal form are appropriate?					
No-supervisors	Frequency	56	74	4	134
	%	42	55	3	100
supervisor(managers)	Frequency	40	38	0	78
	%	51	49	0	100
Total	Frequency	96	112	2	212
	%	45	53	2	100
Q.12. Supervisors (mangers)					
Do you think that the criteria in the present appraisal form are representative enough to truly reflect a subordinate´s real worth to his/her work unit or to the organization as a whole?	Frequency	52	26	0	78
	%	67	33	0	100

Source: questionnaires, June 2012

While people's judgment of others knowledge of something still remains subjective, this element of subjectivity can increase or decrease with the strength of the relationship between the superiors and their subordinates. The closer the work relationships between a superior and his/her subordinate, the greater the degree of certainty that the superior can predict about the behavior and attitudes of the subordinate.

From Table 4 above, it can be seen that 54% of the supervisory respondents do not believe that their subordinates do have a clear understanding of the criteria in the appraisal form on the basis of which their job performance would be rated. This may be a consequence of the rating scales appraisal method being adopted which requires the least

effort to complete but with criteria that are highly detached from the performance elements in the employee's job description. It is advisable that there be a reasonable degree of relationship between the employee's job (position) description and the criteria used for appraisal.

As to the appropriateness of the weights assigned to the performance appraisal criteria (Question No. 11), 42% of the non-supervisor respondents answered in support, 3% were indifferent, while the remaining 55% were of the opinion that assigning equal weights to all the criteria would not be appropriate. On the other hand, the response rate in support of and against the appropriateness of the weights was 51%-49% for the supervisory (managerial) respondents. Those respondents who objected the appropriateness of the weights have proposed that it would be better if job-related criteria, such as knowledge of the job, quality of work, etc., had higher weights than those not directly related to job performance, such as attitude, personality, etc.

Asked their opinion on whether the criteria in the present appraisal form are representative enough to truly reflect their subordinates' real worth to his/her work unit or to the organization as a whole, 67% answered yes while the remaining 33% had the opinion that the criteria have problems in this regard. The latter had expressed that while an employee might have scored high on many (all) of the job-related performance criteria and his/her contribution to his/her work unit or organization is decisive, his/her less than average performance on non-job-related factors might have pushed his/her rating result down to a level where the employee's real worth might not be recognized.

To the questions "What criterion/criteria must be added (removed) from the existing appraisal form to enhance effectiveness of the appraisal system and how do you see use of the same appraisal format (in terms of content) across all levels in the organization irrespective of the nature of the job?" the following were the results from 72 supervisory (managerial) respondents:

- 32 (44%) commented nothing

- 12 (17%) commented that all the criteria are relevant and hence no need to add to or remove from the existing appraisal form.

- 20 (28%) said that the criteria in the existing appraisal form are quiet relevant, no need to add to or remove from, however, efforts must be exerted to reduce areas of subjectivity as much as possible and to give higher weights to those factors that are job-related and reduce the weights of those that are not job-related, i.e., an appraisal form with varying weights for the different criteria depending on the nature of the job and/or place of assignment. Some supervisors in this category have commented that making the appraisal system job-specific would be costly, confusing, and administratively difficult. Hence better to utilize the same general format to all kinds of employees in the organization.

- Others (11%) have different comments. Among those commented are: the need to add in the content a statement requesting the employee whether he/she is satisfied with his/her job and if not, why not?; appraisal criteria must be on the basis of the position an individual holds so that those criteria which do not relate to that position must be removed from his/her appraisal; some redundant criteria must be removed. One branch office manager has particularly suggested removal of the need for rater's comment on the potential of their subordinate for a higher position/greater responsibility as it is evident that supervisors (managers) do not usually deny giving positive remarks on this issue for fear of subsequent conflict with the subordinate. Another respondent has proposed that it would be better if separate appraisal forms are designed for each Head Office organ, which specialize in different functions, and uniform formats for all branch offices as the latter carry out similar activities throughout the organization.

The answers provided by non-supervisory respondents could be summarized as follows:

- It would be better to develop specific criteria for each specific position on the basis of job description rather than using the same general criteria to all positions. Thus evaluation criteria that are unrelated to some employees' job should be removed. Moreover, some have suggested that appraisal content should take into account employees' work experience, educational qualification etc.

- Criterion about employee health situation should be removed as this may cause loss of morale to some employee who repeatedly experience health problems. Employees with such problems may feel alienated and be psychologically disturbed which would have negative impacts on the employees' future productivity. Some have suggested neatness and style of dressing under personality dimension to be removed from the form.

- A statement should be added in the comments part of the appraisal requesting on whether he/she is satisfied with his/her position and/or place of assignment. This, according to the respondents would allow searching for the root cause for any employee performance-related problems.

- The criteria put for the highest point, i.e., 10 seem to be unrealistic requiring performance perfection in each employee, better to make the points reasonably realistic.

In general criteria define performance dimensions against which employee efforts towards achieving organizational goals would be judged. Thus, such criteria need to be quantifiable and measurable as much as possible if they are to be relied upon as bases for any administrative as well as developmental decisions. In the absence of such degree of objectivity, it is unlikely to find that different raters rate the performance of the same employee in the same manner, nor the same performance criteria judged similarly.

Interview with the Head, Human Resources Management Division of NLA, has revealed that the Human Resource Department has devised ways to tackle the influence of such subjectivity on administrative decisions to be taken on the basis of employee performance ratings. Accordingly, the Department makes use of employee performance ratings for at least three consecutive appraisal periods so that the employee's consistency in achieving similar or better result can be ascertained to consider him/her for the intended administrative decision. The Division Head further disclosed that this procedure would enable to judge the dependability of evaluator's rating ability through checking their consistency of subordinate rating in the different periods or to search for explanation for any big variations in the employee's rating results across periods.

A mismatch between employee job descriptions and performance criteria contained in the appraisal form may lead to nonperformance of certain activities on the part of the employees when appropriate measures are not provided for those activities. This may affect the overall performance of the organization when critical activities are not given particular attention in the performance appraisal. Weights reflect the relative importance of performance dimensions.

Therefore, it is logical that those performance aspects that are invaluable for the successful accomplishment of a given job should receive a higher weight.

3.4. Performance appraisal period

National Lottery Administration of Ethiopia undertakes performance appraisal for all employees twice a year in January (for the period July 1 to December 31) and July (for the period January 1 to June 30). Moreover, performance appraisal is conducted by immediate supervisors for fresh employees who are in their probation period as feedback for management whether the employees should stay permanent. This paper centers on the periodic employee performance appraisal.

Table 5. Response of sample employees on the frequency of performance appraisal

Q.2. For non-supervisors		Once	Twice	Quarterly	Monthly	Total
How often do you think performance appraisal should be conducted in a year?	Frequency	4	78	48	4	134
	%	3	58	36	3	100

Source: Questionnaire, June 2007

Table 5 indicates that 58% of the non-supervisory respondents do support NLA existing practice of appraising employees semiannually while 36% have suggested that appraisal should be carried out on a quarterly basis. Comments from supervisory (managerial) employees on the frequency of the appraisal system indicate that 85% were in support of the bi-annual appraisal practice, 10% recommended appraisal on quarterly basis, and 5%

proposed appraisal to be conducted up on completion by the employee of major activities that constitute an important part of the latter's job. The results indicate that all respondents, in one way or another, believe the need to conduct performance appraisals.

Performance feedback given frequently and closer to the action would be more effective in correcting employee performance problems timely. However, handling the formal appraisal task frequently would not be possible at no cost. It requires a great deal of supervisors' time, effort, and complicates the decision process due to bulky information apart from the cost of stationery that may rise with added frequency. Many of the respondents that supported the bi-annual appraisal have additionally commented that though the formal appraisals shall be aggregated twice a year, supervisors (managers) should be engaged in giving continuous feedback to their subordinates. The existing practice of semi-annual evaluation may be enough if supervisors (managers) introduce frequent feedback to employees informally and then formally summarize performance at evaluation time.

Asked whether they are busy coaching the performance of their subordinates, the supervisors (managers) have responded as shown in Table 6 below.

Table 6. Supervisors' response on whether they are engaged in coaching of their subordinates' performance

Q.10. For Supervisors (Managers)		Yes always	Yes occasionally	Never At all	Total
Are you busy coaching the job performance of your subordinates?	Frequency	48	22	8	78
	%	62	28	10	100

Source: Questionnaire, June 2012

It can be observed from Table 6 above that although 90% of the supervisory respondents had been involved in some level of coaching, 10% still had not exercised coaching at all. Coaching involves ongoing communication between supervisors and employees. Working together, a manager and an employee can share information about work progress, potential barriers and problems, possible solutions to problems and how the

manager can help the employee. One purpose of ongoing performance communication is to keep the work process dynamic, flexible, and responsive. Such communication helps employees cope with changes. Supervisors (mangers) need certain information to coordinate the work of those reporting to them. Potential problems need to be identified early enough so that they can be solved before they become more difficult to manage. A good performance management requires that supervisors (managers) be continuously engaged in coaching of their subordinates' performance before the launching of the formal appraisal review. As coaching is mainly aimed at employee development, employees would feel highly motivated and consequently productivity would increase. Coaching would also stand as a point of reference for the supervisor (manager) who would normally feel uncomfortable communicating negative performance feedback to his/her subordinates.

3.5. Who should evaluate employees' performance?

According to current practice in National Lottery Administration of Ethiopia, the responsibility for appraising employee performance lies on immediate supervisors. While appraisal by immediate supervisors may be supported in lieu of the latter's frequent interaction with employees and their knowledge of the employees' jobs, employees and supervisors may opt for others to take part in the appraising task. Table 7 indicates preference of the sample respondents as to who should handle this task.

Representations:

    I = Immediate supervisor   E = Employee himself/herself

    P = Peers (Colleagues)   C = Customers

    S = Subordinates

Table 7. Employees' opinion on who should handle the performance appraisal task

In your opinion who should evaluate employees´ performance appraisals?		I	P	S	C	I&P	I&S	I& E	I& C	I & other	total
Non-supervisors	Frequency	50	2	2	4	12	8	10	24	18	134
	%	37	2	2	3	12	6	7	18	13	100
Supervisors(mangers)	Frequency	38	0	0	0	4	2	10	14	12	78
	%	48	0	0	0	4	2	13	18	15	100
Total	Frequency	88	2	2	4	20	10	20	36	30	112
	%	42	1	1	2	9	5	9	17	14	100

Source: Questionnaires, June 2012

Table 7 shows that employee appraisal by immediate supervisor has got the highest preference among the given alternatives by both the non-supervisory and supervisory (managerial) respondents. Accordingly, 37% of the non-supervisory and 48% of the supervisory (managerial) sample respondents have opted for employee appraisal by immediate supervisors. The Table also indicates that 56% of the non-supervisory and 52% of the supervisory respondents, though were in support of evaluation by immediate supervisors, had proposed some combination of the latter with other internal and external parties who either directly or indirectly have work relationships with employees. Among these combinations, the immediate supervisor's association with customers has got the biggest share both by the non-supervisory and the supervisory respondents, i.e., 18% in each case. The respondents in support of this combination have proposed that as lottery is a service rendering business, customers have a stake in the employee performance appraisal process and hence should participate in it. However, some respondents had qualified opinion on this issue stating that customer participation in the appraisal process should be limited to those employees whose place of assignment involves direct customer contact.

Some respondents favoring employee appraisal by immediate supervisor also have additionally proposed involvement in the appraisal process of distant supervisors who in one way or another have the chance to view the employee's contribution. A case in point

could be participation of Head Office Management members in the evaluation of their branch office managers and lottery sales personnels.

Others have proposed a sort of multi-person evaluation whereby the immediate supervisor, peers, subordinates and customers participate in the employee evaluation process. While such multi-person evaluations might be time consuming and too expensive to put in practice, there is no reservation that they give complete, multi-dimensional picture of an employee's performance.

Having multiple raters has the advantage of reducing rater errors, particularly central tendency, halo error, leniency, and primacy & recency. The management may consider an appraisal system whereby different combination of raters may be involved in so far as the costs of introducing such a system do not exceed the expected benefits.

3.6. Purposes of employee performance appraisal

Although it was not possible to find documentary record on what the intended purposes of performance appraisal in NLA are and on other aspects of the appraisal system, interview with Head Human Resource Management Division (HRMD) has revealed that employees performance ratings, along with relevant work experience and educational qualification, are used as valuable inputs in determining who should get salary increment (bonus), promotion, and training and development. While this may be what the HRMD actually does, what employees and managers of NLA perceived of the real uses of the appraisal system, on the other hand, system is meeting its intended purpose. Table 8, next page shows responses of the respondents.

From Table 8, next page, it can be learnt that 79% of the non-supervisory and 74% of the supervisory (managerial) respondents do not believe that the performance appraisal system of NLA is meeting its intended purposes.

While it cannot be safely concluded that performance appraisal has no significance in determining employees' future in the organization, the responses from the respondents

indicate that one or a combination of the following might have accounted for their perception of the system:

- The lack of clear connection between performance and reward. So long as employees could not observe their efforts being accompanied by positive performance that eventually leads to rewards (which may be in the form of promotion, salary increase, or training & development) in a reasonably short period, they wouldn't be motivated and consequently their attitude towards the system's effectiveness would be distorted.

Table 8. Response of sample respondents on matters related to purpose of performance appraisal system

Q.6. For Supervisors & Q.6. Non supervisors					
Do you think that the performance appraisal in your organization is strictly meeting it´s intended purposes?		Yes	No	Indifferent	Total
No-supervisors	Frequency	24	106	4	134
	%	18	79	3	100
Supervisors (managers)	Frequency	20	58	0	78
	%	26	74	0	100
Total	Frequency	44	164	4	112
	%	21	77	2	100
Q.18. For Non-supervisors					
Is there any possibility of misusing the appraisal system by your supervisor (rater) for purposes other than those intended by the organization?	Frequency	50	80	4	134
	%	37	60	3	100

Source: Questionnaire, June 2012.

- The subjectivity embodied in the appraisal instrument (the loose connection between performance criteria provided in the appraisal form and employee actual job performance) and the associated less probability that ratings would not be uniform across raters and might have caused employees to form a negative impression towards the system that their organizational rewards would not be determined by their performance ratings.

- Absence of clear and transparent communications between the Human Resources Department and the different work units on how employees' performance would be valued and what administrative decisions would be taken on that basis might form an impression in the employees that their performance records would be simply damped in their personnel files maintained with the department.

From Table 8, it can also be learnt that 37% of the ratee respondents believe that there is the possibility of misusing the appraisal system by their supervisors for purposes other than what the system ought to serve. This perception by the ratees may create reluctance on the part of the latter in accepting ratings given by supervisors gracefully. Employees who are devoid of promotions and have stayed long in their current positions may probably come up with such perceptions attributing their failure to their supervisors' intentions of misusing the appraisal system. Supervisors should engage in open discussions with subordinates regarding performance issues and should stand cooperative in solving problems faced by the latter in the course of accomplishing their duties rather than using performance appraisals to threaten their subordinates, which creates an atmosphere of fear and misunderstanding. Conversely, subordinates should be encouraged to freely express their feelings, what so ever, about their work relationships with their superiors. In the absence of such transparency, organizational performance may be severely affected. Moreover, the employee respondents have suggested the following to ensure impossibility of misusing appraisal results by supervisors (managers):

- Superiors should have adequate knowledge of their subordinates' job. In this way they can build their self confidence thereby avoiding their fear that competent subordinates may displace them from their positions.
- Making the appraisal system as objective as possible, such as by giving higher weights to important job related matters that can be quantified thereby giving little room for manipulation of the ratings
- Evaluations better be done by a committee of appraisers having direct or indirect work relations with the employee, rather than immediate supervisors alone
- Introduction of a system of upward evaluation whereby superiors' performance is evaluated by their subordinates.

- Involving raters in trainings that would allow them to maximize their rating ability and boost their ethical considerations (fairness) related to performance rating
- Raters better aid their appraisals with documentation, wherever possible

Given the following choices, the sample respondents were asked as to what their perceptions of the appraisal system in their organization looks like. The answers from the respondents are summarized in Table 9 below.

A. A mere evaluative tool that aims at magnifying subordinates' performance weaknesses

B..As a developmental tool that reinforces positive behaviors and stimulates improvement of weak performances in future

E. Other

C. As a process that adds to the paper work of managers with out benefits sought

D. As an administrative tool on which various administrative decisions are based

Table 9. Respondents' perception on appraisal system of NLA

Q.15. For Non Supervisors & Q.20 For Supervisors											
How do you perceive the performance appraisal system in your organization?		A	B	C	D	A & C	A & D	B & D	Other	Total	Total B,D,B & D
Non-supervisors	frequency	8	44	56	12	4	0	0	10	134	56
	%	6	33	42	9	3	0	0	7	100	42
Supervisors(mangers)	frequency	2	26	10	2	2	2	30	4	78	58
	%	3	33	12	3	3	3	38	5	100	74

Source: Questionnaires, June 2012

As far as perception of the respondents is concerned, Table 9 indicates that 42% of the non- supervisor employees do perceive NLA appraisal system as a mere paper work that adds the work load of managers, while the response rate for their counterpart supervisors (managers) was only 12%. The Table further displays that although the majority of the supervisors (74% from Table 8) do not think that the performance appraisal system of NLA is meeting its intended objectives, just equal portion of them (74%) perceive the

system as either a developmental or administrative tool or a combination of these. Only 42% of the non-supervisory respondents have this similar perception.

These findings regarding differences between non-supervisors' and supervisors' (managers') perceptions of the appraisal purpose appear to be related to differences in the roles the two parties play in the appraisal process. As appraisers, supervisors (managers) are most likely to convince themselves of the real significance of the appraisal system, while subordinates, as appraises on the other side, may render the system unimportant, building negative attitudes towards it.

It is said that people's behavior is based on their perception of what reality is, not on reality itself. Accordingly, no matter what the reality behind the purposes of performance appraisal at the Human Resources Department, unless efforts are made to change employees' perception of the system, employees would continue to behave in similar fashion with little or no regard to what the effects of their performance ratings, which may at times lead to loss of initiative and productivity.

3.7. Employee access to appraisal results and post assessment discussion

Questions on whether employees (subordinates) are allowed to view their appraisal results and conversely whether supervisors (managers) allow their subordinates to view their rating results were posed to the sample respondents. The respondents were also asked whether they engage in appraisal discussions and whether they come across with any disputes related to the feedback giving process. The results are summarized in Table 10 (next page).

Table 10 indicates that both parties to the appraisal system do have the same standing in relation to access to appraisal results. The findings also indicate that 72% of the non-supervisors were invited by their supervisors for appraisal discussions whereby they are encouraged to freely express their comments on their performance ratings. 97% of the supervisors, on the other side, have disclosed that they have engaged in open discussions with their subordinates allowing the latter to freely express any comments on their performance ratings.

Table 10. Employee access to appraisal results and appraisal discussion

Q.12.For Non-supervisors		Yes	No	Total
Do you have access to view your appraisal result?	Frequency	132	2	134
	%	99	1	100
Q.15. Supervisors(Mangers)				
Do you allow your subordinates to view their appraisal result?	Frequency	78	0	78
	%	100	0	100
Q.13. For Non-supervisors				
Do your supervisors call for appraisal discussions whereby you are encourage to freely express your comments on your results?	Frequency	96	38	134
	%	72	28	100
Q.16. For supervisors(managers)				
Do you ever been engaged in any sort of dispute with your subordinates due to the latter´s dissatisfaction with your performance ratings?	Frequency	76	2	78
	%	97	3	100
Q.18. For supervisors (mangers)				
Have you ever been engaged in any sort of dispute with you subordinates due to the latter´s dissatisfaction with your performance ratings?	Frequency	36	42	78
	%	46	54	100

Source: Questionnaire, June 2012.

The supervisory (managerial) respondents have forwarded the following benefits to showing employees of their performance ratings and inviting them to participate in post assessment discussions:

- Letting the employee (ratee) know what his/her performance-related strengths and weaknesses were during the appraisal period just ended so that he/she improves the observed weaknesses and reinforce the strengths in future.

- Free discussions between rater and ratee would instill sense of importance in the latter thereby strengthening the work relations between the two in the succeeding periods. This would motivate the employee to improve performance and allow the rater to see the otherwise obscured facet of their relationship.

- The discussions would give supervisors the opportunity to discharge their responsibility of guiding their subordinates in the right direction. Unless subordinates are informed of their strong and weak points, it would be difficult to expect improvement from them. Performance weaknesses of employees usually reflect badly on supervisors' leadership capabilities and the latter's success in developing subordinates.

- Free discussion among the parties would give subordinates the chance to air their voice on the strong and weak sides of the management that subordinates do not otherwise dare to raise other times in the normal course of their relationship. This clears misunderstanding between the parties involved and improves employees' perception of the appraisal system.

- With open discussions, attitude of one party to the other and to oneself would become explicit. Appropriate post assessment interviews would also be of help in minimizing perception of biases subordinates create in their supervisors when there was actually none. It would help the parties to make reconciliations in their views to each other thereby enabling them to change those attitudes that were formed on the basis of wrong perceptions of one to the other.

While the above are among the benefits of encouraging open post assessment discussion between supervisors (managers) and their subordinates, the following were cited by the respondents to be the associated costs:

- The discussion may open the door for unnecessary debate which may lead to one party's formation of bad attitude to the other. It may further aggravate ill-will and hostility.

- The practice may not work well for Ethiopians who in most cases are culturally bound not to accept face-to-face criticisms.

- The supervisor may not be loyal to explicitly state his/her subordinate's weaknesses on the spot – may prefer to recommend the poor performer for a possible administrative action by the concerned organ.

Although giving performance feedback is what is considered the most displeasing aspect of a manager's job, there is no point to omit this crucial task in so long as it is the only

means to communicate employees what was right and wrong in employees' past performance habits.

Supervisors should not rashly opt for secretly informing the concerned Human Resource Department before giving the employees the chance to openly discuss the reasons behind those weaknesses with them through which solutions may become evident. However, appraisers should be reminded that they may not be required to disclose ratings results to their subordinates particularly when the appraisal is carried out with the initiation of management with the intention of making specific administrative decisions.

A supervisor (manager) must have the patience to handle performance appraisal discussions and must have good knowledge of conflict management as most employees might get nervous when told about their performance weaknesses, which they do not want to listen about. People in most cases commit the so called self-serving bias attributing success to themselves and blaming others when they are judged to the negative.

Table 10 also indicates that 46% of the supervisory respondents have had conflicts with their subordinates following performance feedback. Those who had this experience have managed the conflict through giving employees a sort of counseling so that the latter improve their weaknesses in the succeeding periods. All the respondents have favorably responded that their subordinates have improved subsequently as advised.

3.8. Documentation of critical performances and problems associated with the appraisal system

Table 11. Respondents' answers on whether they maintain critical performance records

Q.14. Non-supervisors		Yes	No	Total
Do you maintain documentation of your critical accomplishments during the appraisal period?	Frequency	28	106	134
	%	21	79	100
Q.17. Supervisors(Mangers)				
Do you maintain documentation of your subordinate´s critical accomplishments during the appraisal period?	Frequency	54	24	78
	%	69	31	100

Source: Questionnaire, June 2012.

Table 11 demonstrates that 79% of the non-supervisors did not have the habit of maintaining documentation of their critical activities during a given appraisal period. On the other hand, the majority of the supervisory (managerial) respondents did maintain record of their subordinates' critical performances during the appraisal period just ended. Maintaining complete record of critical activities performed during the appraisal period would help employees to have tangible evidence in front of court in case administrative decisions were taken on them on the basis of unfair performance ratings. This would also help employees to have a complete account of their performance during progress reviews and the final appraisal discussion with their supervisors. On the other hand, the response from the supervisory (managerial) respondents indicated that some 69% of them had the practice of maintaining documentation on employee performance. It is advisable that supervisors encourage their subordinates to keep track of their own accomplishments so that any forthcoming conflicts, in respect of the appraisal process, between the two can be reduced.

Supervisory (managerial) respondents were asked about what rating biases they usually consciously or unconsciously commit while they rate their subordinates (Q. 19). The

question was designed so that raters stand somewhere and look introspectively as to what their behavior in judging others looks like. Accordingly, some 46% of them have answered that they commit no forms of biases, either were genuine or were unwilling to witness against themselves that they get biased; the other 54% have declared to have committed any one or a combination of the choice of rater biases given to them (similarity error, recency & primacy effect, single criterion error, halo error) of which the largest share, 15% admitted biased by the recency effect whereby their ratings were influenced by their subordinates' recent performance loosing sight of earlier performances in distant to their memory. Biases would continue to prevail as inherent parts of the appraisal system so long as the system accommodates subjectivity. What raters should do is recognize their presence and devise ways to reduce or eliminate their adverse effects, where possible, so that performance ratings can serve their intended purpose. For example, using the diary method of maintaining subordinates' critical incidents, raters may reduce or eliminate recency effects up on their ratings, thereby increasing the objectivity of the system. Given an explicit list of choices, the respondents were also asked to cite the problems characterizing the appraisal system of the organization most. The following were the choices forwarded:

A. Lack of rater ability (training) to evaluate performance

B. Absence of employee participation in setting performance evaluation criteria

C. Rater bias in evaluating performance

D. No link between some evaluation criteria and employee job

E. Others, specify

The answers from the respondents are summarized in Table 12 below:

Table 12. Employee opinions on problems of the appraisal system

Q.16 For Non supervisors & Q.21 For Supervisors (Managers)													
Which of the following problems apply to the performance appraisal system of your organization?		A	B	C	D	A & B	A & D	B & C	B & D	C & D	A B C	Other combinations	Total
Non-supervisors	Freq.	6	34	30	24	4	2	6	10	2	4	12	134
	%	5	25	22	18	3	2	5	7	1	3	9	100
Supervisors (mangers)	Freq.	2	6	16	8	14	4	6	2	4	4	12	78
	%	3	8	19	11	18	5	8	3	5	5	15	100

Source: Questionnaires, June 2012

Table 12 indicates that despite their degree of prevalence, all problems listed above were found to characterize the appraisal system of NLA either in isolation or in combination. However, while absence of employee participation was given the highest regard by the non-supervisory respondents, comprising 25% of the total respondents, rater bias was cited as the major problem by a relatively large number (19%) of the supervisory (managerial) respondents. Problems are always prevalent in any appraisal system. It is often said that addressing the problem correctly is half way to solving the problem. Thus once the problems are addressed in this way, the organization should look for the appropriate solutions, which inherently are implied in the problems.

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

4.1. Conclusions

From the analysis made in the preceding chapter, the following conclusions are drawn:

- About 88% of the non-supervisory and 94% of the supervisory (managerial) respondents have admitted that there is the practice of providing employees with job descriptions in NLA. The following problems were identified in relation to the criteria used in appraising employee performance:

   a. Use of same criteria for all sorts of jobs and positions. Employees – not evaluated on the basis of position requirements as put forth in their job descriptions.

   b. The non-job-relatedness of some performance criteria. Some criteria in the appraisal format emphasize behavior and traits rather than work-related outcomes, hence difficult to measure lending themselves to high rating subjectivity.

   c. Absence of employee participation in setting the job requirements put on the job descriptions or in development of the criteria used in appraising performance.

   d. Some employees have suggested the need to remove certain criteria such as, employee health situation and personality as manifested through neatness & style of dressing and add certain enquiries on employee sense of belongingness and job satisfaction.

- About 67% of the non-supervisor respondents have answered that they have positive attitude towards their present job, which is ascertained by job satisfaction.

- NLA currently makes use of the rating scales method of appraisal whereby employee performance is   rated against a predefined set of criteria. Each criterion is considered to have equal weights and is marked out of 10 points. An employee's performance may fall in one of five grading levels ranging from poor to excellent depending on where his/her rating result lies in the continuum.

- About 55% of the non-supervisory and 50% of the supervisory staff have suggested that all criteria used in the present appraisal form should not receive equal weights.

- About 47% of the supervisory (managerial) respondents did not believe that the criteria in the present appraisal form are appropriately understood by their subordinates, while 33% of them were of the opinion that the criteria do not truly reflect the true worth of the subordinates to their work unit or organization as whole.

- NLA currently has a practice of handling performance appraisals twice a year. Opinion of the non-supervisory respondents on the frequency of the appraisal period indicates that 58% of them supported the existing practice of bi-annual appraisal while 36% suggested appraisal to be exercised quarterly. The figure for supervisors (managers) was 85% in support of biannual appraisal and 10% for quarterly appraisal.

- About 10% of the supervisory respondents admitted that they were not involved in coaching activities; rather they simply waited until the appraisal period was over to appraise their subordinates' performance.

- About 37% of the non-supervisory and 48% of the supervisory respondents favored appraisal only by immediate supervisors, both of which took the biggest share among the given alternatives. Of the other given alternatives, appraisal by the immediate supervisor in combination with customers has got the next higher choice.

- The majority of the respondents (79% of the non-supervisory) and 74% of the [supervisory (managerial)] did not believe that the performance appraisal system of NLA is meeting its intended purposes.

- About 37% of the non-supervisory respondents had the belief that their supervisors misuse the appraisal system.

- About 74% of the supervisory (managerial) respondents had perception of appraisal as an important tool of either development or administration or a combination of these, while only 42% of the non-supervisory respondents had similar perception. About 51% of the non-supervisors perceived appraisal either as an evaluative tool or as mere paper work that adds to the work load of managers or a combination of these.

- The answers by all respondents indicate that NLA appraisal practice permits employees to view their appraisal results.

72

- A majority of the non-supervisor respondents (72%) had witnessed that their supervisors had the habit of calling subordinates for post assessment discussion. Also, 97% of the supervisory respondents had declared that they were engaged in inviting their subordinates to take part in post appraisal discussions.

- About 46% of the supervisory respondents had declared that they had some sorts of conflicts (which were not severe) with their subordinates following their unfavorable ratings. The conflicts were managed in subsequent periods.

- Problems related to lack of rater ability (training) to evaluate performance, absence of employee participation in setting performance evaluation criteria, rater bias in evaluating performance, weak linkage between some evaluation criteria and employee job were found to characterize the appraisal system, although their degree of prevalence as commented by the two categories of respondents was found different.

Overall, employee performance appraisal practice in NLA is found that it is not given the attention it deserves. No clear guidelines and procedures are outlined in the personnel administration manual regarding this subject and nor its purposes explicitly stated in any part of the manual or other related document. There are also no clear guidelines regarding as to what the minimum rating expected of employees for them to be eligible to stay with the organization and nor regarding the penalties and rewards for underperformance and exceeding certain performance levels, respectively. The management's reliance on performance appraisal results in taking administrative and developmental decisions is found limited owing to the subjectivity embodied in the system. Most employees also have a distorted built-in perception of the appraisal process as they couldn't draw clear connections between the level of performance they achieved and the rewards they expected to receive. There is no doubt that these deficiencies in the appraisal system would affect employee motivation, productivity and tenure. Generally, it seems safe to conclude that non-performance measures such as seniority and qualification take the priority in guiding personnel decisions.

4.2. Recommendations

If employees are expected to exert their maximum efforts towards realization of organizational goals, it is essential that a sound performance appraisal practice be put in practice. In situations where employees are not well informed of what they are expected to perform and the consequences that their performance would bring to them, it is difficult to imagine getting their firm commitments. Thus the need for a properly designed appraisal system that is well aligned with the organization's strategic plans and objectives and has got the acceptance of all concerned is not to be compromised. If the appraisal system is required to be effective, it should be used as an instrument of motivation rather than of punishment. Thus, the administrative and developmental purposes of appraisal need to be given concern. The following recommendations are forwarded to help improve the weaknesses identified in the existing appraisal system:

- Criteria in the existing appraisal format need to be revised so as to reflect changes in the operational environment. The more the criteria become job-related, transparent and clearly defined, the better their measurability and objectivity in assessing employees' efforts and the higher will be employees' motivation and commitment to exert their maximum efforts and see as to how their efforts are valued by the organization.

- The link between performance appraisal and rewards should be explicit. The performance evaluation system should be well aligned with other HR functions (reward system and training and development). Performance appraisal should be a major consideration in making administrative and developmental decisions related to employees. Developmental benefits of performance appraisal should be given due emphasis as they enhance employee motivation and contribute to changing employees' perception of the process.

- Appropriate performance management policy and strategy, whereby employees are encouraged to participate in the formulation of standards against which their performance is evaluated and the employees along with their supervisors closely follow progress towards accomplishment of objectives, would be an advantage.

However, given the large number of employees and the high variability of tasks performed, setting performance objectives for each and every employee may be confusing and impractical. Hence a sort of team-based evaluation, whereby objectives are set for the teams (may be for the whole of departments or branch offices or subunits in them) and individuals' roles in the teams of which they are a part are defined, would be advantageous from practical point of view. This would also allow to assess member's as well as team's overall performance. Team-based evaluation can be justified owing to the nature of work done in NLA that involves team work and the similarity of activities within different work areas. Thus, performance appraisal formats with criteria that satisfy the needs of different teams and individuals within them should be designed so that objectivity in rating can be enhanced results be more relied up on for any subsequent decision-making.

- While the bi-annual appraisal frequency has got the support of most respondents, NLA may consider more frequent programs given the feasibility of added time and cost considerations. Supervisors should be encouraged to engage in day-to-day coaching of their subordinates' performance (with emphasis to poor performers) and strengthen mutual relationships that would be of help in enhancing employee motivation and development.

- Given the increasing complexity of the business environment, giving due respect to performance appraisal, which seems somehow neglected at present, is a must. Thus, management of NLA may consider evaluation by other parties apart from the existing practice of evaluation by immediate supervisors. Objectivity of the system and consequently its effectiveness can be enhanced provided other parties having direct or indirect work relations with employees were allowed to participate in evaluating performance of the employees. As a service giving organization, it is worthwhile to consider introduction of a system that allows for customer participation in the appraisal system. This would boost customers' sense of belongingness to NLA and also contribute to the increased quality of service rendered by NLA. Customers' evaluation of each employee is a difficult task leading to higher costs. Hence, departments/groups/task should be the subjects for

75

evaluation. The customer can also be given the freedom to comment about an individual employee's performance, if he/she wishes. However, the organization should take into account the added costs in relation to the benefits to be derived from involving multiple raters.

- Appropriate and practical trainings that aim at increasing raters' knowledge of the subject matter of performance appraisal should be among the priorities in the Human Resource Department's periodic training and development plans. Practice and feedback training in which raters are given the opportunity to practice rating and they are allowed to compare their ratings with those of experts in the field or a predetermined 'true score' may be preferred.

- Providing employees with timely feedback on their past performance and conducting post assessment interviews must be done to all employees. Rater training suggested above should also enhance the ability of raters in handling these interviews in a way that promotes a conducive work environment where harmony presides over dispute regarding performance appraisals.

- Finally, NLA should appreciate and value individual employee or team participation in its entire move to introduce a new performance appraisal system since the employees are the subjects of performance and any system cannot be expected to be effective without first involving all the parties that have a stake in it.

BIBLIOGRAPHY

Bacal, R. (1999), *Performance Management*, McGraw-Hill, New York.

Barret, R. S. (1966), *Performance Rating*, Science Research Associates, Inc., Chicago.

Baird, Lioyd S., et.al., *Management: Functions and Responsibilities,* (New York: Harper & Row Publishers Inc., 1990).

Beveridge, W.E. (1975), *The Interview in Staff Appraisal*, 1st ed., George Allen & Unwin Ltd., Plymouth.

Borman, W.C. (1974), "*The Rating of Individuls in Organizations: An Alternative Approach*," Organizational Behavior and Human Performance.

Daley, D. M.(1992). "Pay for Performance, Performance Appraisal, and Total Quality Management" *Public Productivity & Management Review*, 16(1).

Deanne N. den Hartog, Boselie, P. & Paauwe, J. (2004). "Performance Management: A Model and Research Agenda" *Applied Psychology: An International Review*, 53(4).

Flippo, E.B. (1980), *Personnel Management*, 5th ed. McGraw-Hill Inc., New York.

Fletcher, Clive (2001) *Performance appraisal and management:* the developing research agenda. Journal of occupation al and organisational psychology, 2001

Gilley, J. W. and Maycunich, A. (1998). *Strategically integrated HRD :Partnering to maximise organisational performance*. Cambridge, Massachusetts: Perseus Books. Cited in Gilley and Maycunich, 2000.

Glueck, William F., *Personnel: A Diagnostic Approach,* (Texas: Business Publications Inc., 1978).

Ivancevich, J. M. & Glueck, W.F. (1989), *Foundations of Personnel/ Human Resource management*, IRWIN Inc., Homewood/Boston.

Keeley, M. (1978). "A Contingency Framework for Performance Evaluation" *The Academy ofManagement Review*, 3(3).

Lee, C. (1985). "Increasing Performance Appraisal Effectiveness: Matching Task Types, Appraisal Process, and Rater Training", *Academy of Management Review*, 10(2).

Mathis, Robert L. & Jackson, John H. (1997), *Human resource Management*, 4th ed., West Publishing Co., Minneapolis/ St. Paul.

Mathis, Robert L. & Jackson, John H. (1997), *Human resource Management*, 4th ed., West Publishing Co., Minneapolis/ St. Paul.

Meyer, H.H. (1991). "A *Solution to the Performance Appraisal Feedback Enigma,*" Academy of Management Executive.

Nathan, B.R., Mohrman, A.M. & Milliman, J. (1991). *"Interpersonal Relations as a Context for the Effects of Appraisal Interviews on Performance and Satisfaction: A Longitudinal Study,"* Academy of Management Journal.

Rao, V.S.P. & Rao, P. Subba (2004), *Personnel/ Human Resource Management-Text, Cases and Games*, 8th ed., Konark Publishers Pvt. Ltd. Co. New Delhi.

Robbins, S. P. (1996), *Organizational Behavior: Concepts-Controversies-Applications*, 7th ed., Prentice Hall Inc., New Jersey.

Roberts, I. (2001). *Reward and performance management. In I. Beardwell & L. Holden (Eds.), Human resource management: A contemporary approach*, 3rd ed., Pearson, Edinburgh.

Robert L. Mathis, & Jackson, John H. (1997), *Human resource Management*, 4th ed., West Publishing Co., Minneapolis/ St. Paul.

Saiyadain, M. S. (1999), *Human Resource Management*, 10th ed., Tata McGraw-Hill Publishing Co. Ltd., New Delhi.

Schraeder, M. & Simpson J. (2006). "*How Similarity and Liking Affect Performance Appraisals*" The Journal for Quality & Participation.

Smith, D.E. (1986). "*Training Programs for Performance Appraisal: A Review*" Academy of Management Review, 11(1).

Werther, William B. and Davis, Keith, *Human Resources and Personnel Management,* (New York: McGraw Hill Inc., 1996).

www. cropsdicecontral.com

www. enwikipedia.prg

www.nla.gov.et

Appendix-I

INDIRA GANDHI NATIONAL OPEN UNIVERSITY
SCHOOL OF SOCIAL SCIENCES
MPA Program

Questionnaire to be filled by Supervisory (Managerial) Employees

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Assessment of Performance Appraisal Practice – A Case Study on National Lottery Administration of Ethiopia" as partial fulfillment to the completion of the Masters of Public Administration (MPA) Program at Indira Gandhi National Open University. In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you of confidential treatment of your answers and would like

to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time in filling this form.

Directions

- No need to write your name
- Answer by making a ✓ mark, by circling or in writing wherever appropriate

PART I. PERSONAL PROFILE

1. Sex: Male ☐ Female ☐
2. Age: Below 25 ☐   25-35 ☐   35-45 ☐   45-55 ☐   Above 55 ☐
3. Educational Background:
   High School Complete ☐   Diploma ☐   First Degree ☐   Masters & above ☐
4. Job experience in present organization _____
5. Name of your department or branch office _____
6. Present designation _____

PART II. QUESTIONS ON PERFORMANCE APPRAISAL

1. Do you provide those employees working under your supervision with job descriptions and clear performance expectations?   Yes ☐   No ☐

2. Although providing employees with clear job descriptions and standards is not all that a supervisor (manager) is expected to do to ensure effective performance, what do you think would happen to the performance of employees in the absence of the former?
_____
_____
_____

3. It is a well known fact that an employee who is assigned to work on a job in which he/she is not interested would not have effective performance, at least in the long run. In this regard, do you make efforts to make sure that your subordinates are in their right career path that would allow them to meet their personal as well as organizational goals?
_____
_____
_____

4. What is the appraisal method you adopt to the interest of the employee?
_____
_____

5. How often do you evaluate your subordinates in a year? _____

6. If you think that this frequency is not enough, how often do you think performance appraisal should be performed to ensure effectiveness?
_____

_____

7. In your opinion, who should evaluate an employee's performance? You may choose more than one.

(A) Immediate supervisor ☐   (B) Colleagues ☐   (C) Subordinates ☐
(D) The employee himself/herself ☐   (E) Customers ☐   (F) others, specify
_____

8. Do you think that the performance appraisal in your organization is strictly meeting its intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?   Yes ☐   No ☐

If your answer to question No.8 is No, what other criterion (criteria) is (are) used to serve the above purposes?_____
_____

9. Do you feel that all the standards are appropriately understood by the appraises?
        Yes ☐   No ☐

10. Are you busy enough coaching the performance of your subordinates thereby ensuring successful performance of your work unit/organization per targets set?
 (A) Yes, I do coaching all the time ☐
 (B) Yes, but occasionally ☐
 (C) Never at all, I wait until the appraisal period is over and rate him/her accordingly ☐

11. Do you think that weights assigned for the criteria in the appraisal form are appropriate in judging the real worth of a subordinate? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?   Yes ☐   No ☐

12. Do you think that the criteria in the present appraisal form are representative enough to truly reflect a subordinate's real worth to his/her work unit or to the organization as whole?   Yes ☐   No ☐

13. In your opinion what criteria must be added to the content of the existing appraisal form and which criteria must be removed there from to ensure maximum use of the appraisal system?
_____
_____
_____

14. How do you see the fact that the same appraisal format is used across all departments/branch offices and to all employees irrespective of the type of task they are accomplishing? What do you recommend in this regard?
_____

_____
_____

15. Do you allow your subordinates to view their appraisal results?   Yes ☐   No ☐

If your answer to question No.15 is yes, what do you think are the benefits and/or costs from doing so?

_____
_____
_____

16. Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express their complaints or any suggestions regarding their rating results?
 Yes ☐   No ☐

17. Do you maintain documentation of your subordinates' critical (exceptionally good or bad) accomplishments during the appraisal period for use as a reference in your discussion with your subordinates?   Yes ☐   No ☐

18. Have you ever been engaged in any sort of dispute with your subordinates due to the latter's dissatisfaction on your performance ratings?   Yes ☐   No ☐

If your answer to question No.18 is yes, did you try to manage the conflict in the post appraisal period?

_____
_____
_____

19. What type of bias do you consciously or unconsciously commit while rating your subordinates?
(A) Giving unreasonably high ratings to those subordinates who are in some way similar to you ☐
(B) Rating subordinates on the basis of their recent performance losing sight of his/her performance by the beginning or middle of the appraisal period ☐
(C) Allowing first impressions of your subordinates to distort your ratings ☐
(D) Basing evaluations on single criterion while the subordinate's job involves good performance on a number of criteria ☐
(E) Allowing one trait in the subordinate to influence your evaluation of him/her on other traits ☐
(F) Other, specify_____

20. How do you perceive the performance appraisal system in your organization? (You may tick more than one)
(A) As a mere evaluative tool that aims at magnifying subordinates' performance weaknesses in which case it creates frustration in their future performance as well as in your feedback ☐

(B) As a developmental tool that reinforces positive behaviors and creates the ground for improvement of weaknesses in future performance ☐
(C) As a process that adds to the paper work of managers without benefits sought ☐
(D) As a management tool on which various administrative decisions are based ☐
(E).Other,specify _____
_____

21. Which of the following problems apply to the appraisal system of your organization?
(A) Lack of rater ability (training) to evaluate performance ☐
(B) Absence of employee participation in setting performance evaluation criteria ☐
(C) Rater bias in evaluating performance ☐
(D) No link between some evaluation criteria and employee job ☐
(E) Others, specify _____
_____

22. Any suggestions on the employee performance appraisal practice of NLA and on how to improve its effectiveness. (You may also suggest any possible alternatives to performance appraisal if you believe that the latter has no real benefits to success of the whole organization)

_____
_____
_____
_____

Thanks again for your kind cooperation!

INDIRA GANDHI NATIONAL OPEN UNIVERSTY
SCHOOL OF SOCIAL SCIENCES
MPA Program

Questionnaire to be Filled by Non supervisory Employees

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Assessment of Performance Appraisal Practice – A Case Study on National Lottery Administration of Ethiopia" as partial fulfillment to the completion of the Masters of Public Administration (MPA) Program at Indira Gandhi National Open University. In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you of confidential treatment of your answers and would like to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time in filling this form.

Directions

- No need to write your name
- Answer by making a ✓ mark, by circling or in writing wherever appropriate

<u>PART I</u>. PERSONAL PROFILE

3. Sex: Male ☐   Female ☐
4. Age: Below 25 ☐   25-35 ☐   35-45 ☐   45-55 ☐   Above 55 ☐
3. Educational Background:
   High School Complete ☐   Diploma ☐   First Degree ☐   Masters & above ☐
4. Job experience in present organization _____
5. Name of your department or branch office_____
6. Present designation _____

<u>PART II</u>. QUESTIONS ON PERFORMANCE APPRAISAL

1. Do you clearly know what you are expected to perform in your present assignment, i.e, are your performance goals clearly communicated to you by your supervisor(s) via job descriptions and clear performance expectations?   Yes ☐ No ☐

2. Do you feel satisfied with the kind of job you are performing? In other words, is your present assignment in line with your career plans to move up the organization hierarchy?
   Yes ☐   No ☐

3. How often is your performance evaluated in a year? _____

4. How often do you think performance appraisal should be conducted in a year?
(A) Once ☐   (B) Twice ☐   (C) Quarterly ☐   (D) Monthly ☐
(E) Other period, specify _____

5. In your opinion, who should evaluate an employee's performance? You may choose more than one.
(A) Immediate supervisor? ☐
(B) Colleagues ☐
(C) Subordinates ☐
(D) The employee himself/herself ☐
(E) Customers ☐
(F) Others, specify _____

6. Do you think that the performance appraisal in your organization is strictly meeting its intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?   Yes ☐   No ☐

7. Does (do) your supervisor(s) actually engage in regular performance discussions with you thereby acknowledging your good contributions to your work unit and point out your bad performance so that you improve it in time before it cripples the whole of your performance?
A) Yes, he (she) does it at all times ☐
B) Yes, but sometimes ☐
C) Never at all ☐

8. If your answer to question No. 7 above is "yes", did the advice really work?
   Yes ☐   No ☐

9. If your answer to question No. 8 above is "yes", what changes have you introduced to yourself to improve your future performance results?_____
_____
_____
_____

10. If your answer to question No. 8 is "No", what do you think about the advice?
_____
_____
_____

11. Do you think that weights assigned for the criteria in the appraisal form are appropriate for the kind of job you are handling? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?   Yes ☐   No ☐

12. Do you have access to view your appraisal results?   Yes ☐   No ☐

13. Do your supervisors call for appraisal interviews wherein you are encouraged to freely express your complaints or forward any suggestions regarding your appraisal results?   Yes ☐   No ☐

14. Do you maintain documentation of your critical accomplishments during the appraisal period for use as a reference in case your appraiser fails to consider them in appraising your performance?   Yes ☐   No ☐

15. How do you perceive the performance appraisal system in your organization?
(A) As a mere evaluative tool that aims at magnifying your performance weaknesses in which case it creates frustration in you ☐
(B) As a management tool targeted for employee development through reinforcing positive behaviors and creating the ground for improvement of weaknesses in future performance ☐
(C) As a paper work that doesn't affect your stay with the organization ☐
(D)As an administrative tool on which your promotion, salary increment and other benefits are based ☐
(E) Other, specify _____

16. Which of the following problems apply to the appraisal system of your organization?
(A) Lack of rater ability (training) to evaluate your performance ☐
(B) Absence of employee participation in setting performance evaluation criteria ☐
(C) Rater bias in evaluating performance ☐
(D) No link between some evaluation criteria and employee job ☐
(E)Others,specify_____
_____
_____

17. In your opinion what criteria must be added to the content of the existing appraisal form and which criteria must be removed there from to ensure maximum use of the appraisal system?
_____
_____
_____

18. Is there any possibility of misusing the appraisal system by your supervisor, like giving lower results to those employees whom he/she thinks are competent enough to stand as a threat to his/her position?   Yes ☐   No ☐

19. If your answer to question No. 8 is "yes", what do you suggest to make it impossible?
_____
_____
_____

20. Any suggestions (recommendations) on performance appraisal practices of NLA You may also consider any management practice that may stand as an alternative to performance appraisal.

_____
_____
_____
_____

Thanks again for your kind cooperation!