



**ST. MARRY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES
MASTER OF BUSINESS ADMINISTRATION**

**ASSESSMENT OF EMPLOYEE PERFORMANCE APPRAISAL
PRACTICES: A CASE STUDY OF MY WISH ENTERPRISE PRIVATE
LIMITED COMPANY**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of **Abraraw Chane Workineh (PhD)** All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Merry University Post Graduate Program with my approval as a university advisor.

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ACRONYMS

HRM-	Human Resource Management
HR-	Human Resource
MW-	My Wish
PA-	Performance Appraisal
PAS-	Performance Appraisal System

ABSTRACT

Based on the concepts of Longenecker and Fink's (1999) system perspective and Greenberg's (1986) organizational justice theory, this study was conducted to assess and examine performance appraisal system and practices of My Wish Enterprise PLC. Both primary and secondary sources of data were employed. A questionnaire survey method was used to collect primary data from employees and managers. Semi-structured interview guide was employed to collect important primary data from HR expert. The data was analyzed by descriptive analysis methods. It is found that the performance appraisal system and practices of the target company is not perceived as bad as it could have been, but unfortunately also not as good as it could have been. Employees have positive perceptions towards many of organizational justice dimensions such as the relationships with and credibility of their supervisors, the effectiveness of system. However, the study identified areas that need acritical attention by the management, such as limited employee participation in the rating process, lack of formal appeal procedures, and absence of performance planning and subjectivity of ratings. What the company lacks most is managerial accountability and commitment. The study has also identified barriers and proposed recommendations to address them.

Key words: *employee performance appraisal, appraisal system and practices, appraisal methods, employee perception and appraisal effectiveness*

1. CHAPTER ONE: INTRODUCTION

This section of the proposal provides the introduction of the study, consisting of the background, company profile, problem statement, objectives and research question, significance and scope of the study, and organization of the research work. Each of these sub topics are discussed in detail.

1.1 Background of the study

As the business environment becomes even more competitive and uncertain in the 21st century, organizations need to achieve better coordination of human resources and take steps to ensure their effective use (DeNisi and Murphy 2005). The appropriate identification, allocation, and integration of human resources can provide a company with a competitive advantage leading to long-term success (Nurse, 2015). Before an organization can reach this level of success, it must be able to measure how well its employees perform and then use that information to identify and reward high-performance employees and to ensure that employee performance not only meets present standards, but also will improve over time. This task requires the use of appropriate tools. Performance appraisal is one of the tools that an organization can consider in this regard (Todd, 2007).

In order to improve performance, employees need information or feedback about their performance, along with guidance to reach the next level of results. Without frequent feedback, employees are unlikely to know that their behavior is out of synchronization with relevant goals or what to do about the situation. It is important, therefore, to ensure that the performance appraisal measurement tool is valid, reliable, free of bias, practical, and acceptable to the user. When employees have a meaningful role in the appraisal process, their acceptance and satisfaction with that process is strongly enhanced (Roberts, 2002).

In this regard, the purpose of this study is to assess and examine performance appraisal practices of My Wish Enterprise PLC. Based on the concepts of Longenecker and Fink's (1999) system perspective and Greenberg's (1986) organizational justice theory, The purposes of this study were (1) to investigate the performance appraisal system and practices in My Wish Enterprise, an Ethiopian private firm in terms of its cognition and perspective with regard to effective system design, managerial systems practices, and system support for effective performance appraisal; (2) to assess employees' perceived fairness toward achieving an effective performance appraisal

system; (3) to identify and examine major challenges encountered in the design and implementation of the performance appraisal system and practices.

To meet study objective, this research employed descriptive approach which describes the existing phenomenon as it exists. Qualitative and quantitative method was used. Both primary and secondary sources of data were also used.

1.2 Background of the Company

My Wish Enterprise P.L.C. ('My Wish or the Company' hereafter) is established in 2006 G.C. It is a dynamic growth-oriented dealer of construction machineries in Ethiopia. The company delivers its customers with efficient, differentiated and responsive after-sales services, which include delivery of parts, services, warranties, training, counseling and information solutions that exceed customers' expectations throughout the lifecycle of primary products. In addition, it rents dealer-maintained machines and equipment so as to introduce advanced technologies to customers. Recently the company has started assembling light construction machineries.

My Wish is fast-growing business enterprise with dramatic achievements in terms of market share, expansion and organizational development. Within short period of time, it has already become one of the industry leaders. As part of organizational transformation initiatives, the company has been investing on its people, process and ICT. It has more than 150 employees. Currently the Company's headquarter is located at Lebu, and its two branch offices are situated at Wollo Sefer and Lebu. The whole activity of My Wish Enterprise PLC is divided into the following categories: Management of the Company, Operations, After Sales Service (Including Parts, Field Service and Work Shop), and Finance, Administration, Procurement and Import

I have chosen My Wish Enterprise PLC as a case of study is 1) My Wish Enterprise has commenced the implementation of its current Performance Management System (PMS) in 2018. Therefore, it's the right time and good opportunity to assess and evaluate the system design and implementation effectiveness; 2) data accessibility and willingness of the company's management the PA system and practices to be assessed; and 3) My Wish is growth-oriented medium-sized enterprise. The empirical evidence from such organization will contribute the literature as there is a very limited study in Ethiopian private sector companies in general and in medium and small enterprises in particular.

1.3 Statement of the Problem

As organizations struggle to remain sustainable and competitive, today's dynamic and competitive business environment demands a great deal of commitment and effort from employees. Most organizations face the problem of directing the energies of their staff to the task of achieving business goals and objectives. In doing so, an organization needs to devise means to influence and channel the behaviors of its employees so as to optimize their contributions. Performance appraisals constitute one of the major management tools employed in this process.

If used well, performance appraisal is an influential tool that organizations can use to organize and coordinate the power of every employee of the organization towards the achievement of its strategic goals (Grote, 2002). When performance appraisal system is effective and appropriately implemented, employee motivation, internal communication, and training and talent development would be enhanced (Armstrong and Baron, 2005; Neely et al., 1997).

However, none of these benefits will automatically accrue to an organization due to the mere presence of a performance appraisal. Performance appraisal systems are not generic or easily passed from one company to another; their design and administration must be tailor-made to match employee and organizational characteristics and qualities. But developing an appraisal system that accurately reflects employee performance is a difficult task. Thus, many performance appraisal systems fail as a result of the lack of managing the system effectively or the lack of top management support (Fred, 2013;.Dessler, 2011).

Performance appraisals need to be effective; otherwise they are a waste of time and money. If performance appraisal is not done well, as Grote (2002) suggests the process can become the object of jokes and the target of ridicule. What makes them effective is their potential to improve employee performance. This is rationale behind the purpose of this study to assess and examine performance appraisal practices of the My Wish Enterprise PLC,

1.4 Research Questions

This research tried to answer the following research questions.

- a. What are the dominant features of the company's performance appraisal system and practices in terms of the Longenecker and Fink's (1999) high-performing PA system requirements?

- b. How do employees perceive the performance appraisal system and practices toward achieving an effective performance appraisal system?
- c. What are the major challenges and constraints of the PA undermining its effectiveness?
- d. What improvement areas are needed to make the PA system and practices more effective?

1.5 Objectives of the Study

The general objective of the study is to assess and examine performance appraisal system and practices of My Wish Enterprise PLC to get deep-insight on its effectiveness in terms of meeting important requirements of high-performing PA framework and perceptions of employees.

To achieve this, the following specific objectives were addressed:

- a. Assess and examine the company's PA system and practices in terms of the characteristics of high-performing performance appraisal framework as set out in the theoretical framework in Chapter 2.
- b. Explore perceived fairness of employees towards the company's performance practices in terms of achieving an effective performance appraisal system using Greenberg's (1986) organizational justice theory.
- c. Identify major challenges and constraints of the PA affecting its effectiveness
- d. Identify and propose improvement areas needed to make the PA system and practices more effective

1.6 Significance of the Study

In this study, the key concern of the study was to assess and examine employee performance appraisal system and practices in the company which is vital for the existence of the company to continue as one of the top taxpayers. The study concentrated on the employees' performance and the way to evaluate their performance. In addition this research will have its own contribution for the under listed areas:

- It will help the student researcher to learn more about research method;
- This research will help to guide the management of My Wish Enterprise that employees performance should be evaluated based on the recommendation;
- My Wish Enterprise evaluates its performance appraisal criteria & practices,

- Used as a reference document for other researchers in this area of study.

1.7 Scope of the Study

The scope of this study is limited to assess the performance appraisal system and practices of the company. First, the PA system and practices were examined using Longenecker and Fink's (1999) high-performing PA system components; Effective system design, managerial systems practices, and system support for effective performance appraisal. Then, perceived fairness of employees towards the PA was examined, and finally, challenges/barriers of the PA was identified and examined.

Its focus was individual/micro level analysis so that organizational performance assessment is not the scope of the study. Moreover, due to its limited sample size and nature of the case study, the findings may not be generalizable.

CHAPTER TWO 2. REVIEW OF LITERATURE

2.1 Introduction

The chapter presents the critically reviewed theoretical and empirical concepts of performance appraisals. It specifically covers definition and purpose of PA, methods, responsibility and timing of PA, factors affecting effectiveness of PAS, challenges of PA implementation and conceptual framework of the study.

2.2 Definition and Concept of Performance Appraisal

Performance appraisal has become a term used for a variety of activities through which organizations seek to assess employees and develop their competence, improve performance, and allocate rewards (Fletcher, 2002). Performance Appraisal has been synonymous with performance review, performance evaluation, and other terms and combinations of terms (Dessler, 2011). Performance appraisal system generally involves measures that are taken to assess, monitor and enhance the effectiveness of employees as well as enhancing the general success of the organization. Performance appraisal is the systematic observation and evaluation of employees' performance. According to Lansbury (1988) performance appraisal is the process of identifying, evaluating and developing the work performance of employees in the organisation so that the organisational goals are more effectively achieved.

Performance appraisal is also taken as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development (Jafari et al., 2009; Neely et al., 1995).

Employee performance appraisal has two forms – formal (systematic) and informal (non-systematic) appraisal. Formal employee appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Bailey and Fletcher. 2006). According to Armstrong (2006) performance appraisal is a formal, structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively in future so that

employee, organization and society at a large will benefited. Performance appraisal acts as an information-processing system providing vital data for rational, objective and efficient decision-making regarding improving performance (Lansbury, 1988; Moullakis, 2005).

In recent years, there are trends to indicate that appraisal systems are made more systematic and designed to use in many more areas. With the emergence of 360-degree appraisal, companies are also re-examining their appraisal systems and are moving away from the traditional control and maintenance approach, to one that is both development and motivational to improve the present and future performance of human capital. Performance appraisal systems today have evolved and shifted from the traditional control and maintenance approach towards an approach more concerned with motivational and developmental issues. Its primary focus is to link corporate strategic objectives with employee's personal aspirations and developmental needs to continually review, develop and improve the employees' performance and potential (Bailey and Fletcher., 2006; Moullakis, 2005; Jafari et al., 2009).

2.3 Purposes of Performance Appraisal

According to Longenecker & Fink (1999), performance appraisals are important part of organizational life because they can serve a number of functions/purposes. Neely (1997) further argues that it is necessary for organizations to implement an effective performance. The literature provides substantial evidence on significant contributions of performance appraisal system and practices that can be summarized as follow.

2.3.1 Performance Improvement and Goal Alignment Tool

It helps to improve the performance of individual and organisation by increasing productivity, quality of performance and encouraging positive work attitudes from workers to be in line with organisation's objectives, plans and method of working. It does this by defining behavioural and results expectations from each employee aligned with organizational goals and priorities; controlling divergence and distraction of focus (Moullakis, 2005).

According to Armstrong (2006), the purpose of performance management is to get better results from a whole organisation, or teams and individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements.

2.3.2 Development purposes

The developmental purpose is forward looking, directed towards increasing the capacity of employees to be more productive, effective, efficient and satisfied in the future. It covers such things as job skills, career planning, employee motivation and effective coaching between managers and subordinates. It is any endeavour concerned with enhancing attitudes, experiences and skills that improve the effectiveness of employees (Boswell & Boudreau, 2007). The information can be used to diagnose training needs, career planning, and the like. Appraisals can help establish objectives for training programs. This is because appraisals indicate development needs.

2.3.3 Evaluative (or Administrative) Purpose

There are many decisions in modern organizations that depend on performance appraisals, and they are widely used in most organizations (Burkhalter & Buford, 1989). The evaluative function refers to the extent to which there has been progress toward goals as a result of the employee's efforts. It is backward looking where past performance is reviewed in light of the results achieved. It can include the use of performance appraisal for salary management, promotions, terminations, layoffs, and identifying poor performance (Boswell & Boudreau, 2007). It is used to not only enable organizations to make decisions about individuals, but also to compare candidates on some type of objective basis.

2.3.4 Motivational purpose

Enhancing motivation appraisal is about involvement in the 'big picture' - responsibility, encouragement, recognition for effective delivery and effort. Performance Appraisal is a motivation for the employee, who performs well in the present to go on doing so and in the future. It encourages initiative, develops sense of responsibilities, and stimulates effort to perform better and increase employees' effort toward achieving proposal and organizational goals. Performance Appraisal is a motivation for the employee, who performs well in the present to go on doing so and in the future (Burkhalter et al., 1989; Grote, 2002).

2.3.5 Communication tool

Performance appraisal is an important communication tool in managing employees (Jafari et al., 2009). It allows managers to set and communicate clear goals and expectations with employees,

supporting the acceptance of the set goals, the predisposition of managers to coordinate the teams in the pursuit of goals achievement as well as of the teams for their execution (Carrell et al., 1998). This tool assists in guiding the manager with facilitating conditions that enable the employee to define and set clear achievable goals and expectations from the employee's daily routine duties.

2.4 Methods of Performance Appraisal

Performance appraisal methods are the systems and processes through which appraisal is carried out in an organization. The methods influence determining the types of data collected and evaluated in the appraisal, the forms and frequencies of communication that take place between supervisors and their employees, and the various types of evaluation tools used to measure performance. It is also important to understand the evaluation methods influence the usefulness of the appraisal system in an organization and the perceived or actual benefits gained from its use (Jafari et al., 2009). Performance appraisal methods have been described by multiple authors in various ways. Researchers (e.g. Fred, 2012; Grote, 2002; Dessler, 2011) group the methods into three categories: the judgmental approach, the absolute standards approach, and the results-oriented approach.

In the judgmental approach, a manager or performance appraiser is asked to compare an employee with other employees and rate the person on a number of traits or behavioral dimensions. These appraisal systems are based on the exercise of judgment by the superior. Four widely used judgmental approaches are graphic rating scales, ranking, paired comparison, and forced distribution.

On the other hand, most appraisal measures that employ an absolute standards approach are based on job analysis, and this type of analysis can provide a more detailed description of the actual behavior necessary for effective performance. Managers compare the performance of each employee to a certain standard instead of to the performance of other employees; thus, they rate the degree to which performance meets the standard. The most common performance appraisal processes in this group are checklists, essays, critical incidents, and behaviorally anchored rating scales (DeNisi and Murphy 2017).

Finally, in recent years, results-oriented approaches to performance appraisal have been suggested as an alternative to the judgmental and absolute standards approaches. As the name implies, the

emphasis of results-oriented approaches is on the evaluation of results—both quantitative and qualitative. Put another way, the focus is on what the subordinate is supposed to accomplish on the job rather than a consideration of the subordinate's traits or on-the-job behaviours (Fletcher, 2002; Grote, 2002)

It is very difficult to say that which technique is better than other technique because it depends upon the type and size of organization. Each technique has its own pros and cons (Ashima and Gour, 2013; Dessler, 2011). When the best method for evaluation is chosen, the following considerations should be taken into account: the accuracy and authentication of the criteria, appropriateness for the specified criteria, appropriateness for the given group of employees and the cost of the process – how much time and money would be needed for the execution of the process. The Following presents the review of some popular performance appraisal techniques along with their pros and cons.

Table 2.1: Description, Pros and Cons of Some Popular Appraisal Method

Method	Key Idea	Advantages	Disadvantages
Ranking Method	Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all ranked.	<ol style="list-style-type: none"> 1. Fastest 2. Transparent 3. Cost Effective 4. Simple and easy to use 	<ol style="list-style-type: none"> 1. Less objective 2. Morale problems who are not rated at or near the top of the list. 3. Suitable for small workforce. 4. Workers strengths and weakness cannot be easily determined.
Graphic Rating Scales	A scale that lists a number of traits and a range of performance for each, the employee is then rated by identifying the score that best describes his or her performance for each trait.	<ol style="list-style-type: none"> 1. Simple. 2. Easily constructed. 3. Ease of use. 4. Results are standardized what allows comparison to be made between employees. 5. Reduce the personal bias 	<ol style="list-style-type: none"> 1. Rating may be subjective. 2. Each characteristic is equally important in evaluation of the employee's performance.
Critical Incident	Keeping a record of uncommonly good or undesirable examples of an employees work related behavior and reviewing it with the employee at predetermined times.	<ol style="list-style-type: none"> 1. Easy to develop and administer. 2. Based on direct observations. 3. It is time tested and provides more face time. 	<ol style="list-style-type: none"> 1. Time consuming & laborious to summarize and analyze the data. 2. Difficult to convince people to share their critical incidents through a survey. 3. Provides a personal perspective of organizational
Narrative Essays	Evaluator writes an explanation about employees strength and weakness points, previous performance, positional and suggestion for his (her)	<ol style="list-style-type: none"> 1. Report actually shows employees performance. 2. Can cover all factors. 3. Examples are given. 	<ol style="list-style-type: none"> 1. Time consuming. 2. Supervisor may write a biased 3. essay

	improvement at the end of evaluation time.	4. Provides feedback.	4. Effective writers are very difficult to find.
Management by Objectives	Employees are evaluated how well they accomplished a specific set of objectives that have been determined to critical in the successful Completion of the job.	<ol style="list-style-type: none"> 1. Easy to implement and measure. 2. Employee motivated as he is aware of expected roles and accountability. 3. Performance oriented diagnostic system 4. Facilitates employee counseling and guidance. 	<ol style="list-style-type: none"> 1. Difficult to employees agree on goals. 2. Misses intangibles like honesty, integrity, quality, etc. 3. Interpretation of goals may vary from manager to manager, and employee to employee. 4. Time consuming, complicated ,lengthy and expensive.
Behaviorally Anchored Rating Scale	BARS combine elements from critical incident and graphic rating scale approaches. The supervisor rates employees“ according to items on a numerical scale.	<ol style="list-style-type: none"> 1. Job behaviors describe employee performance in a better way. 2. More objective 3. More acceptances due to participation of managers and employees. 	<ol style="list-style-type: none"> 1. Scale independence may not be valid/ reliable. 2. Behaviors are activity oriented rather than result oriented 3. Very time consuming for generating BARS. 4. Each job will require creating separate BARS scale.
360 Degree	It relies on the input of an employee’s superior, colleagues, subordinates, sometimes customers, suppliers and/or spouses.	<ol style="list-style-type: none"> 1. Excellent employed development tool. 2. Accurate ,reliable and credible system 3. Legally more defensible 4. More objective being multi-rate system. 	<ol style="list-style-type: none"> 1. Time consuming and very costly. Sensitive to organization and national culture. 2. May damage self-esteem of employees if the feedback is brutal. 3. Prone to political and social games played by people. 4. Difficult to implement in cross functional teams.

			5. Confidentiality challenge
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Source: Summarized from the researches of Fred, 2012; Fletcher, 2002; Grote, 2002; Dessler, 2011

2.5 Responsibility for Appraisal: Who Should Make the Appraisal?

Responsibility for appraising an employee’s performance can be rested on the following actors.

2.5.1 Immediate Supervisor

An employee’s immediate supervisor has traditionally been the most logical choice for evaluating performance and this continues to be the case. The supervisor is usually in an excellent position to observe the employee’s job performance and the supervisor has the responsibility for managing a particular unit. When someone else has the task of evaluating subordinates, the supervisor’s authority may be undermined. On the negative side, the immediate supervisor may emphasize certain aspects of employee performance and neglect others. Also, managers have been known to manipulate evaluations to justify pay increases and promotions and vice versa (Selvarajan and Cloninger, 2008).

2.5.2 Immediate Subordinates

The idea of appraising managers by their subordinates is generally viewed negatively. However, this thinking has changed somewhat. Some firms conclude that evaluation of managers by subordinates is both feasible and needed. The concept of having supervisors and managers rated by employees is being used in a number of organizations today (Oberg, 1972). There are various advantages to this source of appraisal. They reason that subordinates are in an excellent position to view their superiors’ managerial effectiveness. Advocates believe that this approach leads supervisors to become especially conscious of the work group’s needs and to do a better job of managing. Critics are concerned that the manager (and instructors) will be caught up in a popularity contest or that employees will be fearful of reprisal (Robbins, 1998).

2.5.3 Peer Appraisal

A major strength of using peers to appraise performance is that they work closely with the evaluated employee and probably have an undistorted perspective on typical performance, especially in team assignments. Organizations are increasingly using teams, including those that

are self-directed. Problems with peer evaluations include the reluctance of some people who work closely together, especially on teams, to criticize each other. On the other hand, if an employee has been at odds with another worker he or she might really “unload on the enemy,” resulting in an unfair evaluation. Another problem concerns peers who interact infrequently and lack the information needed to make an accurate assessment (Ashima and Gour, 2013).

2.5.4 Self-Appraisal

Many people know what they do well on the job and what they need to improve. If they have the opportunity, they will criticize their own performance objectively and take action to improve it. Because employee development is self-development, employees who appraise their own performance may become more highly motivated (Keeping and Levy, 2000). Self-appraisal provides employees with a means of keeping the supervisor informed about everything the worker has done during the appraisal period. Even if a self-appraisal is not a part of the system, the employee should at least provide the manager a list of his or her most important accomplishments and contributions over the appraisal period. As a complement to other approaches, self-appraisal has great appeal to managers who are primarily concerned with employee participation and development. For compensation purposes, however, its value is considerably less. Some individuals are masters at attributing good performance to their own efforts and poor performance to someone else's (Bozeman, 1997).

2.5.5 Customer Appraisal

Customer behavior determines a firm's degree of success. Therefore, some organizations believe it is important to obtain performance input from this critical source. Organizations use this approach because it demonstrates a commitment to the customer, holds employees accountable, and fosters change (Davis, 2001). Customer-related goals for executives generally are of a broad, strategic nature, whereas targets for lower-level employees tend to be more specific. For example, an objective might be to improve the rating for accurate delivery or reduce the number of dissatisfied customers by half. It is important to have employees participate in setting their goals and to include only factors that are within the employees' control (Cleveland et al., 1989; Fletcher, 1995).

2.5.6 360-Degree Feedback Evaluation Method

The 360-degree feedback evaluation method is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. Also, by shifting the responsibility for evaluation to more than one person, many of the common appraisal errors can be reduced or eliminated (Fred, 2012). The 360-degree feedback method may provide a more objective measure of a person's performance. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360o system (Bozeman, 1997). However, an appraisal system involving numerous evaluators will naturally take more time and, therefore, be more costly. Nevertheless, the way firms are being organized and managed may require innovative alternatives to traditional top-down appraisals.

2.6 Frequency of Period: How often should appraisal be done?

Organizations have their own time to conduct PA depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient. First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by an on-the-spot examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

Employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly. Although there is nothing magical about the period for formal appraisal reviews, Researchers have found that feedback on performance should be given frequently and the closer By conducting reviews frequently two situations are eliminated:(1) selective memory by the supervisor or the employee; and(2) surprises at an annual review.

2.7 Factors Influencing Effectiveness of Performance Appraisal

Performance appraisals need to be effective; otherwise they are a waste of time and money. What makes them effective is their potential to improve employee performance. In this regard, the

literature further revealed that a number of researchers, such as Armstrong and Baron (2005) and Longenecker and Fink (1999) have identified and investigated the relative importance of factors and measures components that determine effectiveness of a performance appraisal system and practice at organization level. Some of these factors, which would be important for this study, are discussed as below.

2.7.1 Organizational Support and Leadership Commitment

Many of the problems in performance appraisal stem from the appraisal system itself, the objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system. One of the most important elements required for effective PA is organizational support and leadership commitment for the appraisal system (Longenecker & Fink, 1999). Appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by leaders giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials.

Performance-Reward Linkage is also important element. Performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum standards. Appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of the system by the employees, comparing the relationship between performance and rewards, and reviewing the consistency of implementation of policies and procedures across all departments and locations (Armstrong & Baron, 2005).

2.7.2 Employee Participation in the Appraisal System

Longenecker and Fink (1999) argue that effectiveness of any PASs is largely determined the extent of employees' involvement in the design of the system and execution of the practices. According to Carrell et al. (2000) when creating or modifying PA systems, employee involvement should become the standard approach. Effective systems design is to have the input of managers and employees in the design, development, and choice of criteria performance standards, and the rating

form used in the appraisal. They should also involve in performance planning and goal setting, employee self-appraisal, and participation in the interview.

Roberts (2003) argues that employee participation has the potential to mitigate many of the dysfunctions of traditional performance appraisal systems. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Roberts (2003) notes that employee involvement is a useful tool for increasing job related autonomy, which is a prerequisite for employee growth. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system.

Through participation, employees are given an opportunity to raise their voice. They further added that biasness reduces and trust on the supervisors develops when performance standards and criteria for evaluation are set with the help of employee in a joint session between employee and supervisor. Decreased employee participation increases appraisal related tension and appraiser-appraise conflicts (Nurse, 2005).

2.7.3 The Performance Criteria, Measures and Forms

The criterion an organization chooses to evaluate performance of its employees will have a major influence on the effectiveness of the PA system (Cleveland et al., 1989; Fletcher, 1995). The performance criteria, rating procedures, and feedback should be relevant and meaningful for both supervisors and their employees. The accuracy of ratings is determined by the reliability and validity of the measurement at hand (Bozeman, 1997). Some of the requirements include:

- **Relevance:** implies a direct link between performance standard and organization's goals and could also mean to say a clear link between job analysis and appraisal form.
- **Reliability:** refers to the relative absence of random measurement error in a measurement instrument or precision of a measurement instrument, leading to consistency of judgment.
- **Acceptability:** implies when the appraisal system gets the conformity. Gets the conformity or acceptance of those who will be affected by them. This condition leads to a more favourable reactions to the process and actually increases trust for top management.
- **Practicality:** Design decisions related to the practicality and utility of an envisaged system could influence the practitioner to make some compromises, since an increase in

practicality is usually at the expense of the measurement precision. Moreover, the forms should facilitate communication between the supervisors and the employees concerning behaviours, work processes, and opportunities to improve. Empirical evidence also stresses the importance of user-friendly and easy-to-understand appraisal procedures and forms (Selvarajan and Cloninger, 2008).

- Freedom from Contamination: the appraisal system should be able to measure individual performance without being contaminated by extraneous factors that are beyond the employee's control.

2.7.4 Employee and Manager Knowledge about Performance Appraisal

An effective performance appraisal system requires an understanding by both supervisors and their employees of the appraisal process and their roles in it. This requires that they have training and education. Levy and Williams (2004) found that knowledge of the PA system was a significant and positive influence on fairness perceptions. Training should be given to both the employee and manager. It attempts to provide ratters with frame of reference for making evaluations of the rate's performance. The goal is to get ratters 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 (Jafari et al., 2009).

All employees must understand why performance appraisal is being conducted and the specific goals for it. The purpose of performance appraisal should clearly be known by both managers or supervisors and employees. It is only when employees understand clearly what the performance appraisal system is trying to achieve in an organization that the system itself brings positive and tangible impact on the organization. The specific goals will also allow the managers to select performance criteria that will support the organization's objectives and increase the motivation of the managers to carry out the appraisals properly (Neely et al. (1995).

2.7.5 Feedback Richness

The second factor is supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place. Feedback richness is also an effective indicator that may affect the outcomes of performance appraisal. Feedback richness elaborates the specific appraisal environment by which

frequent, specific and timely feedback is provided by employees to employers regarding job (Dessler, 2011).

Roberts (2003) concludes that effective feedback is timely, specific, and behavioural in nature and presented by a credible source. Using frequent, informal feedback allows minor issues to be addressed promptly rather than growing into more serious ones over the passage of time. Giving feedback to the employee generally aims at improving performance effectiveness through stimulating behavioural change. Thus, the manner in which employees receive feedback on their job performance is a major factor in determining the success of the performance appraisal.

2.7.6 Appraiser-Appraisee Relationship and Credibility of Appraiser

Supervisors are pivotal in performance appraisal as they are generally responsible for setting performance objectives, providing formal and informal feedback, and the overall rating of the employees' performance (Cleveland et al., 1989). Prior research suggests that the relationship between appraiser and their appraisee, as well as the credibility of the appraisers, is critical to an effective appraisal. Appraiser-appraisee relationship and credibility of appraiser are significantly and positively related to satisfaction with the performance appraisal system. It is important that employees trust their supervisors and appraisers and have a good relationship with the latter appraisers so that they will view the appraisal process as constructive and regard critical feedback positively (Rao, 2004; Fred, 2012). In the same vein, it was found that supervisors providing both credible and accurate feedback were perceived as more procedurally and informationally fair. They also found an improved positive relationship between fairness and motivation (Fletcher, 1995).

The findings of Greenberg (1986) identified the ability of a supervisor to make an accurate evaluation of subordinate's performance as an important influence on fairness perceptions. In order for the evaluation outcomes to be perceived as reliable and useful for providing feedback to improve employee performance, the appraiser must be viewed in such a way that he or she is competent, capable of evaluating their subordinates and unbiased. Appraisal fairness has also a strong positive correlation with the level of two-way communication; attitudes towards the supervisor; ability of a supervisor or appraiser to make an accurate evaluation of a subordinate's performance (Oberg, 1972; Longenecker and Fink, 1999).

2.8 Employees' Perceived Fairness of Performance Appraisal

The value of the appraisal system not only depends on the physical characteristics of the evaluation instrument, but also be affected by the perceived fairness of the evaluation process. An appraisal system has to be seen as fair and just by appraises in order to be effective (Greenberg, 1986). The fairness of a performance appraisal system has been recognized as an important effect on the success of any organization because perceived fairness was connected to the acceptance of this system and eventually, the performance of employees and organization. The fairness of the appraisal system and its outcomes is examined because an appraisal system has to be seen as fair and just by appraises in order to be effective (Greenberg, 1986). Employees create conclusions about a system's (e.g. appraisal system) fairness based on the system's results, outcomes and procedures and how supervisors treat employees when applying those procedures. This is because, if the performance appraisal system is unfairly carried out and the employees perceive inequity in the evaluation, the system will be absolutely fail and not meet its objectives (Davis, 2001).

Greenberg (1986) identified the dimensions of performance appraisal fairness as distributive justice, which is the use of performance appraisal results, and procedural justice, which is the process that employees undergo in performance appraisal. He then identified seven determinants of perceived fairness of performance evaluations: Soliciting input prior to evaluation and using it, two-way communication during interview, ability to challenge/rebut evaluation, ratter familiarity with rate's work, consistent application of standards, receipt of rating based on performance achieved, and recommendation for salary/promotion based on rating.

Additional evidence suggests, however, that beliefs about fair performance evaluations may also be based on the procedures by which the evaluations are determined apart from the ratings received. This procedural justice perspective focuses on the fairness of the evaluation procedures used to determine the ratings. For example, studies found that the fairness of performance evaluations was related to several process variables (e.g., the opportunity to express feelings when evaluated) regardless of the rating outcomes themselves. Davis (2001) found that the absence of fair procedures increases distress because the results of performance appraisal are essentially outside the control of the employee. But if employees are confident in the fairness of performance appraisal process, they are more likely to accept performance ratings, even adverse ones (Roberts, 2003). Furthermore, procedural fairness is a significant predictor for pay and job-satisfaction.

Thus, employees' attitudes towards the system will predict how willing they are to buy into the goals they are expected to meet (Harris, 1994).

2.9 Challenges of Performance Appraisal

Performance appraisal is the systematic observation and evaluation of employees' performance. Ideally, performance appraisal should be completely accurate and objective. 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).

2.9.1 Problems Emanating From the Rater And Rating Error

The person who administers the performance ratings influences the performance appraisal. The use of ratings assumes that the rater is reasonably objective and accurate. However, in reality, raters' memories are quite imperfect, and raters subscribe to their own sets of likes, dislikes, and expectations about people, which may or may not be valid (Harris, 1994). These biases produce rating errors, or deviations between the "true" rating an employee deserves and the actual rating assigned. Rating errors reduce the reliability, validity, and utility of performance appraisal systems. Biases in performance ratings manifest themselves in many forms (Selvarajan and Cloninger, 2008; Harris, 1994; Saiyadain, 1999; Schraeder and Simpson, 2006). Some of the more common rating errors/biases are discussed below.

- **Leniency error.** The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error.
- **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.
- **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. Halo effect takes place when traits are not clearly defined and are unfamiliar.
- **Recency.** It 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.** It is the opposite of recency. 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. .
- **Past performance error:** Permitting an individual's poor (or excellent) performance in a previous rating period to color the manager's judgment about her performance in this rating period
- **Rating the job rather than the individual's performance:** Some jobs seem to be more critical to the operation than others. A job position might be critical to the operation. However, that does not mean that the employee's performance is automatically model.

2.9.2 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 (Nurse, 2005). 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. 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 (Saiyadain, 1999).

2.9.3 Problems of Confidentiality

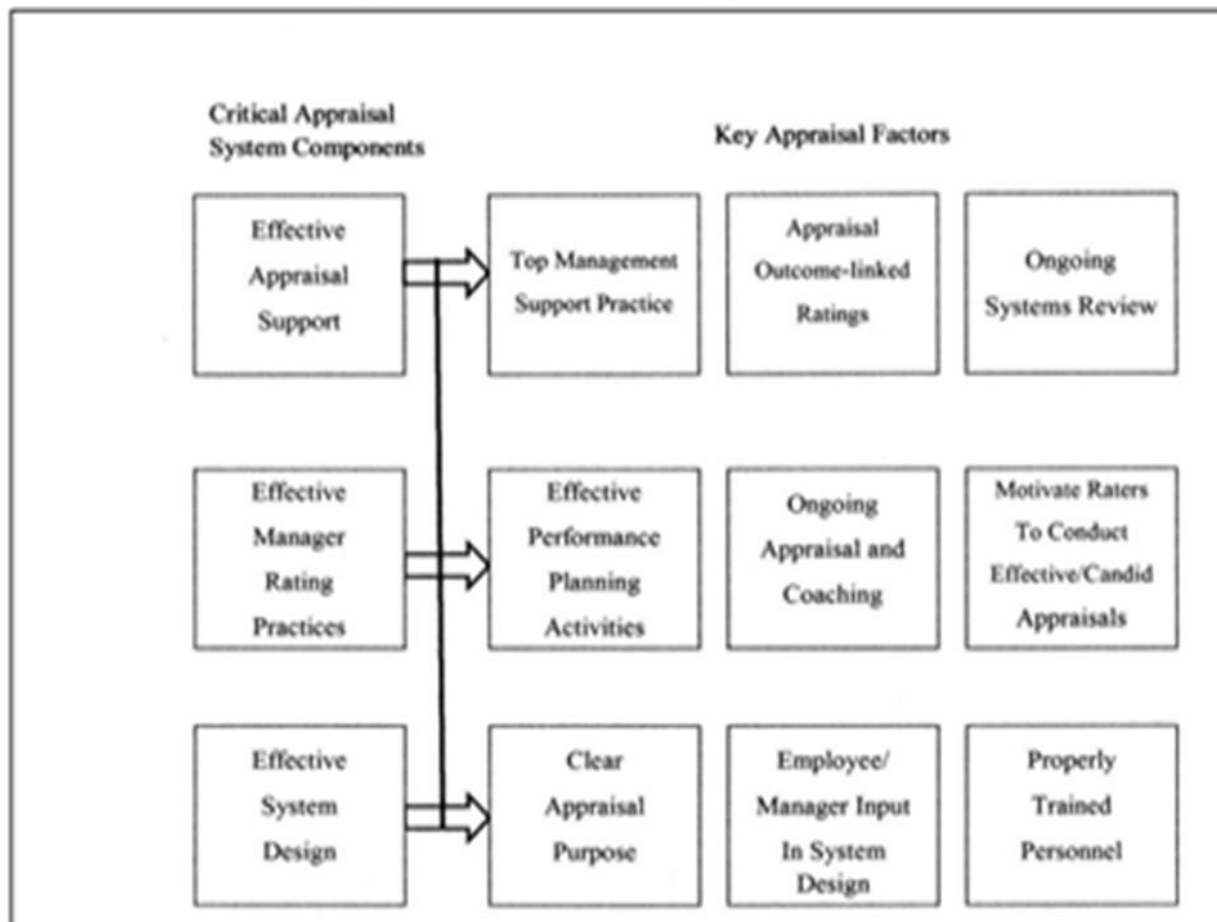
One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this (Rao, 2004; Fred, 2012). First, each employee expects rewards if the reports 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 (Saiyadain, 1999:204-207).

2.10 Conceptual Framework of the Study

Performance appraisals need to be effective; otherwise they are a waste of time and money. What makes them effective is their potential to improve employee performance. In this regard, Longenecker and Fink (1999) proposed important components of ‘high-performing performance appraisal systems’ based on empirical studies. This framework has been empirically found relevant to examine effectiveness of the PA systems (Armstrong and Baron, 2005; Fred, 2013; Phin, 2015). Longenecker and Fink (1999) found that a successful performance appraisal system could be divided into three critical components: systems design; managerial practice, and appraisal system support. Within these categories, they identified 10 lessons that organizations can apply to boost appraisal effectiveness (see Figure 2.1).

Figure 2.1: A System Approach to Effective Appraisals



Source: From "Creating effective performance appraisals," by C. O. Longenecker and L.S. Fink, 1999, Industrial Management, 41(5), 18. Reprinted with permission of C. O. Longenecker

According to Longenecker and Fink (1999), two key principles are involved in developing and sustaining a high performance appraisal system. The first principle suggests that, if appraisal processes are to operate as a system, systems perspective must be applied to identify the critical system components and stages to make sure that organizational procedures and practices work in harmony. The second principle is that individual managers should play a pivotal role in achieving effective appraisals and should therefore have the right tools and support to be effective.

Without a proper foundation, it is impossible to build a successful appraisal program. A good system design lays the groundwork and provides the manager with the necessary tools, such as a clear definition of why the organization conducts formal appraisals, the involvement of employees/managers in system design, and the development of user-friendly procedures and job-related forms. Furthermore, employees and managers must know how the process operates and must understand their respective roles.

Once this foundation is in place, managerial appraisal practices will determine how well the appraisal plans are translated into action; that is, managers must conduct effective performance planning and provide direct reports with on-going informal performance feedback, and raters must be motivated to conduct effective appraisals. Appraisal system support directly affects managerial motivation to perform required appraisal activities diligently.

This kind of support also protects the system from problems caused by inconsistent or improper execution of appraisal procedures. It is critically important, therefore, that top management support and demonstrate effective appraisal practices. An effective appraisal system links performance ratings to organizational rewards and requires on-going systems review and corrective action (Phin, 2015).

CHAPTER THREE:RESEARCH METHODOLOGY

Introduction

This chapter discusses the research methodology that was used in the research paper. It covers description of research case area, research design; data sources, data collection, analysis and sampling techniques, operational definition of variables, and validity and reliability instruments.

3.1 Description of the study area

MY WISH ENTERPRISE P.L.C has been providing world class reliable and quality products for over 13 years. Whatever machinery you need, we have you covered. The company offers the widest range of integrated solutions. The company vision is that Customers will buy from the company, not only because of the products we sell, but to benefit from the services the company offers.

MY WISH ENTERPRISE PLC represents the world's leading manufacturers of machinery and engines for earth-moving, mining and petroleum industries; building and road construction, electric power generation, materials handling and farming applications. With the company certified partners from all around the world, the company guarantees high quality standard products and services. The company brands are handpicked by their quality of products, stability of service, accessibility and availability of spare parts and state of the art technology facilities.

3.2 Research Design and Approach

The study employed a case study that provides in-depth understanding, with reason thereof, of complex issues in a real-life context, in this case, performance appraisal system, practices and perceptions in the My Wish.

This study adopted a mixed methods research approach that includes both qualitative and quantitative data collection and analysis in parallel form. A qualitative research methodology was used because this study aimed at gaining a deeper understanding of performance appraisal system and practices. The qualitative approach, in the context of the present study, entailed interviewing

employee who had worked for the company long enough to have experience with the performance appraisal process.

3.3 Sources of Data and Data Collection Procedures

For the realization of the research objectives, the study used both secondary and primary sources of data. Primary sources used because of their relevance to collect data that help in meeting the study objective and secondary sources were used in order to collect data that cannot be obtained otherwise. The primary data was collected through standardized questionnaire and interview-guide. Two types of questionnaires were used, one for non-manager staff and the other for manager respondents. The questionnaire has closed-ended and open-ended parts. The structured questionnaires were translated into Amharic for ease of communication.

Apart from questionnaires, structured interview was held with HR experts to get subject matter explanation on the area. The interview was held with one HR Expert who has been leading the design of PAS and currently led its implementation. Secondary data relevant for this research work were also collected from the company's appraisal policy, procedures and forms as well as organization reports. Critical review of theoretical and empirical literature was made to frame the analysis.

3.4 Target Population and Sampling Techniques

Primary data will be collected from employees and managers of the company. The company has 150 non-managerial employees. Out of the total number of employees, 127 have served the company and thus well familiar with the PA practice of the company and incorporated in the study. 50 questionnaires were distributed to non-managerial staff and 44 questionnaires were properly filled and collected. 10 questionnaires were distributed to managerial staffs that have appraisal responsibility and 8 questionnaires were properly filled and collected. The respondents from non-managerial staff were selected using purposive sampling technique to ensure appropriate information is obtained from the right source from each department and occupation. Regarding managerial respondents, questionnaires were distributed to all available managers. This is on the basis of the suggestion that if the target population is smaller (e.g. 100 or less) census survey is

very appropriate and effective since virtually all population would have to be sampled in small populations to achieve a desirable level of precision (Israel, 2013).

3.5 Ethical Consideration

A number of ethical considerations were taken into account throughout the study. Before writing the proposal, it is useful to consider the ethical issues at all phases of the research process that were estimated and described in the thesis. With consideration for research sites, potential readers, studies contain ethical practice (Creswell, 2003).

While collecting data, therefore, the procedure was as much ethical enough as possible. The study participants were asked their consent and they will be assured that the information collected from them would be kept confidential. They were also made to understand their roles in the data collection activity to find answers to the research questions. The response of the participants was analyzed without any change by the researcher. In addition to the reference works of other researchers and authors are cited appropriately.

3.6 Methods of Data Analysis

Data collected from respondent employees through questionnaires and interview discussions was analyzed and interpreted so as to arrive at meaningful findings. SPSS Version 16.0 was used to code and analyze the collected responses from questionnaires. Once the data is properly edited and coded, it was entered in to the software. A descriptive technique was adopted for analysis of data collected from questionnaire respondents. In so doing frequency tables and percentages were used. This help the researcher thoroughly analyze and interpret the questions one by one in order to reach meaningful results.

Data collected from interview discussion was also incorporated in the data discussion and interpretation as part of the study. The data obtained from the interview was analyzed using the narrative analysis technique. Qualitative analysis was also made for interpretation of secondary data. Hence, the results would be easily interpreted to assess and examine performance appraisal practices of the case study organization, i.e. My Wish Enterprise.

3.7 Validity

Validity of the data collection instrument in providing adequate coverage of the topic under study is confirmed. By using a universal accepted sampling method sample of the population was drawn. Due emphasis has given to make the question objective type and understandable so that the employee can answer the question based on what they know without any ambiguous or confusing wordings were avoided.

CHAPTER FOUR -4.DATA ANALYSIS, INTERPRETATION AND FINDING

4.1 Introduction

This section of the chapter presents the findings from the interviews conducted with participants. Four main themes were identified, and each discussed in line with the research questions. The subsequent sub-themes are also discussed and supported with evidence from verbatim quotations and paraphrased statements.

The content analysis resulted in the formulation of main themes and sub themes as found in the data. The themes are (1) understanding of performance appraisal practices (2) performance appraisal practices (3) opinions about the current performance appraisal practices (4) challenges of performance appraisal practices.

4.2 Demographic Profile of Respondents

The demographic profile of the respondents, who participated in the study, comprising of gender, age, length of service, educational qualification and job classification is summarized using frequencies and percentages.

Table 4.1 : Demographic Profile of Respondents

Parameters		Frequency	Percentage
Gender	Male	25	56.82
	Female	19	43.12
	Total	44	100
Age	Below 25	8	18.18
	From 25 to 35	15	34.09
	From 35 to 45	12	27.27
	Above 55	9	20.45
	Total	44	100
Academic Qualification	High School Complete	5	11.36
	Diploma	8	18.18
	B.A	27	61.36
	MA and above	4	9.09
	Total	44	100
Service Years in the Company	From 2 to 5 years	18	40.91
	From 5 to 10 years	20	45.45
	Above 10 years	6	13.64
	Total	44	100
Job classification	Semi-skilled	12	27.18
	Clerical	8	18.18
	Junior Professional	13	29.55
	Senior Professional	11	25.00
	Total	44	100

Source: Compiled from primary data, N=44

As it is shown in Table 4.1 above among the respondents 56.82% (N=25) have found to be male whereas the remaining 43.12% (N=19) are female. Regarding the age of the study participants, the largest group (n=15, 34.09 %) was in the 25 to 35 years age group. The second largest group (n=12,27.27%) indicated their age as within the 35 to 45 year group. A small proportion (N=9,20.45 %) indicated that they were above the age of 55. Finally, 18.18% (N=8) of the respondents were found to be below the age of 25.

Table 4.1 also presents educational level of the respondents. Large majority of the respondents have first degree and above where 27(61.36%) and 4(9.09%) have first and second degrees respectively. And, 11.36 %(N=5) of the respondents were found high school graduate whereas

18.18 % (N=4) of the respondents had diploma. Regarding the length of service years the respondents had in the company, 18 (40.91%) respondents served in the company from 2 years to 5 years long. 20 (45.45%) respondents served in the company from 5 years to 10 years long. Finally, 13.64% (N=6) of the respondents had more than ten years of experience in the company. 13(29.55%) and 11(25.00%) respondents belonged to junior and senior professional job classifications respectively. 12 (27.18%) and 8(18.18%) respondents were semi-skilled and clerical staff.

4.3 Nature of the Company's PA System and Practices

The data presented in this section sought to provide answers to research question one which states, 'what is the nature of performance appraisal practices in My Wish Enterprise?' The rationale behind this research question was to find out the nature of staff performance appraisal (PA) practices adopted by the company. The current PA system and practices was described in light of Longenecker and Fink's (1999) components of 'high-performing performance appraisal system'. A system perspective has been applied to identify the critical appraisal system components and stages to make sure that organizational procedures and practices work together in harmony.

Data obtained from employees and managers through questionnaires was also analyzed and interpreted to understand the current PA practices. Moreover, in-depth insight was captured from key informant interviewee about the design and implementation of PA practices. Finally, performance appraisal guidelines, checklists and manuals along with PA forms of the company were critically reviewed and analyzed to support the analysis.

The analysis in this section has been classified into three critical components: systems design; managerial practices, and appraisal system support. Each of these three aforementioned critical components serves to encourage effective appraisal practices by the individual managers who ultimately determine the overall effectiveness of most appraisal systems.

4.3.1 The Performance Appraisal System Design

Many of the problems in performance appraisal stem from the appraisal system itself, the objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system (Longenecker and Fink, 1999). This component

establishes a firm systems foundation needed to build the additional components of an effective appraisal system. It consists of four factors which will now be discussed.

4.3.1.1 Purpose of the Performance Appraisal System

One of the main components of effective and high-performing PA systems is the presence of a clearly defined purpose for conducting performance appraisal (Longenecker & Fink, 1999; DeNisi and Smith, 2014). Clearly defined PA purpose allows managers to select performance criteria that will support the organization's objectives and increase the motivation of the managers to carry out the appraisals properly. Performance appraisal systems are utilized for multiple purposes ranging from developmental (training & development, career management and succession planning) and administrative purposes (such as pay, bonuses, promotions and reductions in force). Both purposes have their advantages and disadvantages. However, one or the other purpose is usually better fit for the goals and circumstances in a given organization.

The company's performance management manual states that the system is designed to benefit everyone, both employees and management, and the entire company. Specifically, four major purposes have been listed in the manual:

- To Improve individual, team and organizational performance;
- To facilitate communication and employee engagement;
- To support employee development; and
- To enable well-informed and objective HR decisions.

From the interview discussions and review of PM manual, it's clear that the company has been using PA results for both decision-making (salary increment and promotion) and development purposes (training and development) at the same time. While use of performance appraisal for decision-making or development is more appropriate in certain situations, it is extremely difficult, if not impossible, to serve both purposes equally well with the same system. For a performance management system to achieve its maximum benefit, it is best to choose one purpose – decision-making or development – and then develop the system to support that purpose (Pulakos, 2009).

One of the key factors within an effective systems design is an understanding by both supervisors and their employees of the appraisal purpose and process. This requires that they have training and

education. Respondents were asked to express their level of agreement to the statement that states I clearly understand the purpose & processes of the company’s PA. As depicted in table 4.2 below, 56.2% of non-manager respondents agreed/strongly agreed to the statement that stated they clearly understood the purpose & process of the company’s PA. Only 15.91% of these respondents disagreed/strongly disagreed to the statement while 18% remained neutral.

Table 4. 2 Respondents’ Understanding of the Purpose &Benefits of the Company’s PA

Staff Category	Statements	Strongly Disagree	Dis Agree	Neutral	Agree	Strongly Agree
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
Employee	I clearly understand the purpose & processes of the company’s PA	3(6.82)	4(9.09)	8 (18)	21(47.73)	8 (18.2)
	My supervisor is familiar with the PA rating procedures & knows how to evaluate my performance.	1(2.27)	-	2(4.55)	21(47.73)	20(45.45)
Manager	I clearly understand the purpose & processes of the company’s PA	-	1(12.5))	-	4(50)	3(37.5)

Source: Field Work, 2022

The same question was asked to supervisory/managerial respondents, and as indicated in table 4.2 above, almost all respondents agreed/strongly agreed that they clearly understood the purpose &benefits of the company’s PA with exception of three respondents. In order to triangulate this finding, non-manager respondents were asked whether they believed that their supervisors are familiar with the PA rating procedures & knew how to evaluate their performance. The finding supported the previous finding. 38% and 47% of respondents believed that their ratters were

familiar with PA procedures and knew how to rate their performance. From this, we can understand that majority of the employees have awareness about the objective of performance appraisal.

It is important to make supportive guidelines available to employees and managers to have their understanding and consistent application of procedures. In this regard, the researcher was able to witness availability of various documents on PA, such as PM General Guide, performance planning, coaching and monitoring, and appraisal guidelines, and other checklists. From the interview, it was made clear that objective of such manuals was to develop common understanding among the staff about PA and ensure consistent application of the PA across the company. Moreover, series of training to all staff in general and supervisory staff in particular were given on PA purpose, benefits, procedures and requirements, according to the interviewee.

4.3.1.2 Simplicity and User-Friendly of the PA Procedures and Forms

Performance appraisals involve a considerable amount of paperwork, writing and exchange of documents. When the administrative demands are great, both employees and managers end up spending their performance management time pushing paper rather than discussing performance issues and development. To this end, there is a growing understanding and requirements of the importance of user-friendly and easy-to-understand appraisal procedures and forms. The forms should facilitate communication between the supervisors and the employees concerning behaviors, work processes, and opportunities to improve.

In this respect, respondents (employees & managers) were asked if the PA process is simple and user-friendly, and the finding is presented in the following table.

Table 4.3: Simplicity and User Friendly of PA Forms and Procedures

Staff Category	Statements	Strongly Disagree	Dis Agree	Neutral	Agree	Strongly Agree
		Freq. (%)	Freq.(%)	Freq.(%)	Freq.(%)	Freq.(%)
Employee	The PA process is simple and user-friendly	2 (4.55)	8(18.18)	11(25)	20(45.5)	3(6.82)
Managers	The PA process is simple and user-friendly	2 (25)	1(12.5)	-	3(37.5)	2 (25)

As shown in table above, majority of non-manager respondents (52.32%) either agreed/strongly agreed to the statement that stated the PA process is simple and user-friendly while 62.5% of manager respondents gave positive response to the same statement. However, 47.5% and 37.5% of non-manager and manager respondents respectively either gave negative response or preferred neutral position to the statement. This indicated further effort is required to improve the simplicity of PA procedures.

To understand the simplicity and user-friendly nature of the company's PA procedures and forms, the HR expert was asked to describe what measures have been taken to simplify and make the procedures and forms. First of all, the interviewee believed that the current procedures and forms are simple and user-friendly. He further explained that through series of discussions with managers and employees, the procedures and forms have been reviewed and revised to refine them and the current PA forms become just two pages (reduced from 4 pages in 2018). He added that the PA forms are customized to unique nature of departments, and currently we have five types of forms, such as professional, managerial, driver, cleaner, and security officers. Finally, he noted that to make it simpler, the entire PA process has been automated and streamlined through enterprise resource planning (ERP) since the beginning of 2022. When matured and used properly, application of electronic performance appraisal system can greatly automates and integrate the entire PA workflow and substantially reduce the paperwork associated with this process. If the system is automated, the forms can be signed electronically and automatically stored, alleviating the need to generate and retain paper copies.

4.3.1.3 Staff Involvement in the Design PA System

Because a performance management system's success relies so much on the effectiveness with which managers and employees use the system, it is also essential to get organizational members committed to the new system. One of the strategies for accomplishing this is to involve key individuals (including managers and employees) in the design and implementation process. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system.

In this respect, respondents (employees & managers) were asked if they participated in design of the appraisal system & choice of PA forms.

Table 4.4: Staff Involvement in the Design PA & Choice of Criteria and Form

Statement	Staff Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)
I have participated in the design & choice of the PA criteria and form	Employee	6 (13.64)	7(15.91)	15(34)	10(23)	6(13.6)
	Manager	1(12.5)	1(12.5)	-	2(25)	4(50)

As shown in table above, majority of non-manager respondents (29.65%) either disagreed or strongly disagreed to the statement that stated they participated in the design & choice of the PA criteria and form while 34% of them remained neutral. Only 35.6% (N=16) of non-manager respondents strongly agreed/agreed they participated in the process. On the other hands, 75% of managerial respondents agreed/strongly agreed that stated they participated in the design & choice of the PA criteria and form.

This finding on unfavourable response of non-managerial respondents contradicts with the interview. The HR expert was asked to explain this contradiction. He noted respondents who did not participate in the process might be too junior to involve in the process or newly joined staff after the designing process.

4.3.1.4 Relevance and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees will have a major influence on the effectiveness of the PA system. As To do (2007) quoted what you measure determines what you get! The performance criteria should be relevant and meaningful for both supervisors and their employees. There are differences of opinion about what should be measured: behaviors, results, or both? From the company's document analysis and interview, it is found that the company has used both results (the 'what') and competencies/behaviours (the 'how'). However, competencies/job-related behaviours dominated the system. For example, competencies have 55% of weight related

to 45% weight of results: more focused to personal character rather than to performance-related job results.

In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table 4.5.

Table 4.5: Employees’ Response on Relevance and Objectivity of the Appraisal Criteria

Staff Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)
Employees	3 (6.82)	5 (11.36)	10 (23)	21 (48)	5 (11.4)
Managers	2 (25)	1(12.5)	1(12.5)	3(37.5)	1(12.5)

As table 4.5above describes 51% of non-manager respondents agreed that the criteria are clear and objective. But, 30% disagreed that they are clear and objective while 19% remained neutral. As to managers, 50% indicated their agreement and 37.5% respondents indicated their disagreement while the remaining 12.5% were neutral. The response shows that relevance and clarity of PA criteria of the company has critical problems.

The interviewee was asked to explain how criteria were identified and used in the company. He started with the big picture: we have no strategic plan at company level. We therefore could not establish goal cascading process across the company. Through discussion with managers, we identified five criteria for professional staff: productivity, job quality, attendance & dependability, initiative & adaptability, and interpersonal relationship & teamwork. The first two are result-oriented while the remaining are job related behaviours. Relative weight is assigned to each criterion. All professional staffs are appraised using these criteria. In this respect, relevance of the criteria may be limited. Moreover, lack organizational planning makes the PA process routine task, lacking vertical alignment.

4.3.1.5 Methods of Performance Appraisal Used

Properly designed performance ratings help quantitatively measure & differentiate employee performance in more consistent and transparent way. Effective PA requires deciding an appropriate format of rating scales. While creating an effective performance rating scale, it is important to decide how accurate & detailed we want the evaluation scale results to be. The PA

guide and appraisal forms indicate that the company uses a five-scale rating standard. In this rating scale, there are two categories, unsatisfactory (1) & inconsistent (2), for employees who weren't able to meet expectations; one for meeting expectations, effective (3); and the other two categories for exceeding the bare minimum work requirement highly effective (4) & exceptional (5).

This rating scale provides supervisors with increased flexibility in considering a greater span of performance circumstances. However, five-point rating scale is usually prone to leniency and centrality biases especially where PA results are used for salary, bonus and related decisions. In this regard, according to the interviewee, analysis of past performance ratings indicated prevalence of centrality bias that can be impacted by rating scale design. He added that there is a plan to move to a four-point rating scales. The company has also developed and used Behaviorally Anchored Rating Scales (BARS) to aid consistency and objectivity of the performance evaluation process. However, the current scale is uniform across the company. In this case, they may still suffer from unreliability, leniency bias and lack of discriminant validity between performance dimensions.

Respondents were asked to indicate level of their agreement to the statement that stated the current standards and metrics are clear and objective. The finding is summarized in Table 4.6 below.

Table 4.6: Employees' Response on Clarity and Objectivity of the standards & metrics

Statements	Staff Category	SD	DA	Nuet.	Agree	SA
		FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)	FRQ (%)
The standards & metrics are clear & objective	Employees	1 (2.27)	5 (11.36)	16(36)	19 (43)	3 (6.82)
	Managers	2(25)	1(12.5)	1(12.5)	3(37.5)	1(12.5)

Regarding clarity and objectivity of performance standards and metric, just 50% non-managerial respondents disagreed/strongly disagreed or remained neutral to the statement that stated the standards & metrics are clear & objective. And only, 6.82% of the respondents strongly agreed that the standards & metrics used to appraise their performance are clear & objective. This concern is further supported by the finding from managerial respondents. As table 4.5 indicated 50% of the managerial respondents agreed or strongly agreed to the same statement while the remaining 50% provided negative response or remained neutral,

4.3.1.6 Raters and Sources of Rating Information

Determining who should appraise performance of employees is one of critical decisions in designing PA system. In this, important questions that need to be considered are which rating sources should provide input and how that input will be collected, managed and controlled (Ghorpade, 2000). This decision partly influenced by the purpose of performance appraisals.

Performance appraisal information can be obtained from managers, peers, direct reports or customers. This type of rating process is often referred to as 360-degree feedback. The multiple ratters often have different views of an employee’s performance and thus provide a more complete picture of effectiveness. And, the manager is taken out of the role of “sole judge and evaluator” and can assume a greater role as a performance coach and helper. If performance information is to be used for decision-making, managers are typically the best source of performance information. While managers should be encouraged to collect performance information from other credible sources, they should serve as gatekeepers for integrating this information, judging its credibility and quality, and balancing it against other available information. In fact, research has shown decrements in the quality in multi-source ratings when they are used for decision-making versus development purposes (Selvarajan and Cloninger, 2008).

In this regard, respondents were asked identify the personnel/parties who evaluate the performance of employees as well as their preference to make the appraisal, and their response rate is presented, analysed and discussed as hereunder.

Table 4.7: Response on who does and should make the appraisal

Appraisers	Staff Category	Who does the appraisal?		Who should do the appraisal?	
		Frequency	Percentage	Frequency	Percentage
Immediate Supervisor	Employees	44	100	41	93.18
	Managers	8	100	8	100
Colleagues	Employees	-	-	9	20.45
	Managers	-	-	3	37.50
Self	Employees	18	40.91	22	50.00
	Managers	6	75.00	5	62.50
Customers	Employees	-	-	8	29.55
	Managers	-	-	4	50

As the above table depicts all respondents indicated that performance is currently evaluated by their immediate supervisors and 40.91% & 75% employees and managers respectively indicated that self-appraisal is also used to evaluate performance. Customer and peer appraisal is not applied in the current appraisal rating. This finding is also confirmed from the interview discussion and document analysis. Individual appraisal and rating technique has been used in the company whereby the immediate supervisor rates an employee performance under his/her supervision and subsequently reviewed by the next supervisor along the hierarchy. Further insight is obtained from the interview about use of self-appraisal. Employees are given the opportunity to assess and evaluate their performance for the period. Having the employees evaluate themselves is considered an essential part of the appraisal process. Employees complete Self-Appraisal Form before the supervisor makes her or his evaluation of the employee. However, it's not a requirement. And, the appraisal result is also not consolidated to the overall rate.

To understand whether respondents were satisfied with the current appraiser and their preference, respondents were asked to indicate who should evaluate performance. As shown in table 4.6 above, 100% and 93.18 % of managers and non-managerial respondents respectively preferred to performance to be evaluated by immediate supervisors. And, while 50% and 62.5% of managers and non-managerial respondents respectively preferred self-appraisal to be supplemented the supervisory rating. Rating performance by colleagues and customers is supported by 37.50 and 50% of managers respectively. And, rating performance by colleagues and customers is supported by 20.45 and 50% of non-managerial respondents respectively.

4.3.2 Frequency of Performance Appraisal

Employee appraisal should be a continuous process and should not be limited to a formal review once a year. The frequency of formal appraisals will depend on the nature of the organization and objectives of the PA system. By conducting reviews frequently two situations are eliminated: (1) selective memory by the supervisor or the employee; and (2) surprises at an annual review. Respondents were asked to indicate the frequency of appraisal and their preference of frequency of performance appraisal and their response is depicted in table 4.7 below.

Table 4.8: Period/Time when performance appraisal is and should be conducted

Frequency of Appraisal	Staff Category	How often is your performance appraised?		How often should performance be appraised?	
		Frequency	Percentage	Frequency	Percentage
Every 3 Months	Employees	2	4.55	3	6.82
	Managers	-	-	2	25
Every 4 Months	Employees	-	-	5	11.36
	Managers	-	-	3	37.50
Every 6 Months	Employees	38	86.36	30	68.18
	Managers	8	100	5	62.50
Once a Year	Employees	2	4.55	6	13.64
	Managers	-	-	1	12.5

Source: Own compilation from the field work

Results from Table 4.7 shows that 86.36% of non-managerial respondents indicated that performance appraisals are done semi-annually. While 4.55% indicated that it is done in every four month interval and other 4.55% replied once a year. The managerial respondents' response to how often they appraised their subordinate performance unanimous i.e. twice a year. In line with this, the interview discussion made with HR expert revealed that the company conducts performance evaluation bi-annually: mid-year performance review in December; and Year-end appraisal in June. The formal performance appraisal of new employees is made at the end of the probationary period.

Respondents were also asked to indicate their preference of frequency of performance evaluation and their response is depicted in table 4.7 above. Accordingly, 68.18% and 62.50% of employees and managers respectively preferred performance to be appraised bi-annually. This shows that large majority of respondents are comfortable with the frequency in which performance evaluation is conducted.

4.3.2.1 Effective Managerial PA Practices

The second critical component of a successful appraisal system defined by Longenecker and Fink (1999) consists of three factors concerning managerial PA practices. The success or failure of a PA system depends largely on appraisers. The appraiser, being a major source of information

regarding rules and procedures that govern the PA system of an organization, are considered to be an employees' point of interaction. Thus, assigning a qualified appraiser is imperative for the effectiveness of a PA system. A qualified appraiser is one who is fully equipped for conducting PA, giving feedback, coaching employees and has knowledge of all the rules and procedures governing a PA system.

4.3.2.2 Performance Planning and Clarifying Expectations

One of the first and most managerial practices in PA is the presence of performance planning at the beginning of the appraisal cycle. This involves first goal cascading and alignment process where organizational priorities are identified, prioritized and aligned across an organizational structure. Supervisors and employees must then engage in a performance planning discussion to develop common understanding and come to an agreement on key elements includes reviewing job descriptions with the employees, setting and agreeing upon goals, the measurement & standards of performance, and communicating the expectations of behaviors and results for which the employees will be held accountable (Pulakos, 2009). In this vein, respondents were asked whether performance planning and expectation setting is present in the company, and the result is shown below in table 4.8.

Table 4.9: Presence of Performance Planning and Expectation Setting

Statements	Staff Category	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
The PA process requires a Planning Session at the start of a rating period.	Employees	8(18.18)	14 (31.82)	6(14)	9(20)	7(15.9)
	Managers	2 (25)	1(12.5)	3(37.5)	2 (25)	1(12.5)
My supervisor clearly explains to me what he or she expects of my performance	Employees	7(16)	6(14)	8(18.18)	22(50)	8(18.2)
I set and clearly explains to my subordinates what I expect of their performance	Managers	2 (25)	1(12.5)	1(12.5)	3(37.5)	1(12.5)

Both managerial and non-managerial respondents were asked whether the company's PA process requires a planning session at the start of a rating period. As shown in table 4.8 above, 64% of non-managerial respondents disagreed, strongly disagreed or remained neutral to the statement while 35.9% agreed/strongly agreed to the statement. This finding is supported by the response of managerial staff to the same question, As shown in table 4.8 above, 50% (N=4) of managerial respondents either had negative response or remained neutral to the statement. Only one respondent strongly agreed while two respondents agreed to the statement that stated the company's PA process requires a planning session at the start of a rating period.

From different perspective, managerial respondents were asked whether they set and clearly explain to their expectations to their subordinates. As the above table shows, 50% of them agreed/strongly agreed that they set and communicate their expectations while 37.5% of them had negative response. The overall finding reveals that the company has not established formal performance planning procedures, and this is not defined as mandatory requirements. Employees are less likely to meet the appraiser's expectations, if they do not know about what they are expected to do and how to do it. The interviewee remarks that without organizational planning process, it has become difficult to reinforce individual performance planning process.

4.3.2.3 Provision of Timely and On-going Feedback

Regular performance feedback is considered an important component of PA system and an effective indicator that may affect the outcomes of performance appraisals. It is a vehicle through which appraisees receive information about organizational expectations and work requirements, and how well they have attained these. Feedback helps employees keep their efforts directed toward set goals as well as encourages them to maintain high-level efforts (Roberts, 2003). According to Longenecker (1997), supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place.

Respondents were asked whether they provide/receive timely feedback and the result is shown in table 4.9 below.

Table 4.10: Provision of Timely Feedback to Employees

Statements	Staff Category	SDA	DA	Nuet.	Agree	SA
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
My supervisor routinely gives me feedback that is important to the things I do at work.	Employee	1(2.27)	6(13.64)	10(22.7)	20(45.45)	7(15.9)
I routinely give feedback to my subordinates	Manager	1(12.5)	-	1(12.5)	4 (50)	2(25)

Source: Own Questionnaire; 2022

As depicted in table 4.9 above 45.45% and 15.9% of the non-manager respondents agreed and strongly agreed that they receive timely feedback from their supervisors concerning their performance; while 16.91% indicated they don't receive feedback and 32% replied they are neutral. On the other hands, 75% of managers indicated that they provide performance feedback to their subordinates; while 14.3% indicated they don' and 19% showed they are neutral. The interviewee was asked whether the company has any formal monitoring and feedback mechanism. He replied that that it does not establish the mechanism to formalize the feedback provision. Therefore, feedback is left to the discretion and willingness of managers.

4.3.3 Motivation and Accountability of Raters

Effective PA practices require that supervisors must be motivated and held accountable to carry out effective appraisals. ratters who were held accountable for their performance ratings made more accurate ratings than ratters who were not held accountable. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization.

In this respect, non-managerial respondents were asked whether their supervisors take the rating process seriously and are rated on how well they do the appraisals. The result is displayed in

Table 4.11: Whether supervisors take the rating process seriously and rated on how well they do the appraisals

Statements	SDA	DA	Nuet.	Agree	SA
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
My supervisor takes the rating process seriously.	2 (4.55)	3(6.82)	7(15.91)	16(36.36)	14(31.82)
My supervisor him/her is rated on how well he/she does the appraisals	9(20.45)	15(34.09)	11(25)	3(6.82)	2(4.55)

Source: Own Questionnaire; 2022

As indicated above 68% agreed/strongly agreed that their supervisors take the rating process seriously. 11.37% of them had negative response while 16% remained undecided. When it comes to whether their supervisors are rated on how they do the appraisals, majority of respondents (54.54%) disagreed/strongly disagreed to the statement. Only 11.37% of the respondents agreed/strongly agreed to the statement while 25% remained neutral. This means that supervisors are not held accountable for their appraisal practice. According to the interviewee, the managers are not appraised at all. When a supervisor did not complete a performance appraisal on time, the interviewee stated that HR nagged them without any consequence of wrong doings. This finding is consistent with theoretical expectations that ratters who are held accountable will approach the appraisal task in a way that will make it easier for them to account for their ratings.

4.3.3 Effective Organizational Support to Performance Appraisal

The third and final component of ‘high-performing PA system’ is organizational support and leadership commitment for the appraisal system (Longenecker & Fink, 1999). Appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by leaders giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials.

4.3.3.1 Performance-Reward Linkage

Performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum standards. If a performance management system links evaluation to rewards, the system should monitor the internal

consistency of the evaluations and rewards. People who received good evaluations should be receiving higher levels of compensation, more frequent promotions and other desirable outcomes more readily than those who perform less effectively on the job.

To this end, respondents were asked whether performance rating is directly linked to reward packages of the company, and the result is summarized in table 4.11 below.

Table 4.12: Performance-Reward Linkage

Statements	Staff Category	SDA	DA	Nuet.	Agree	SA
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
Performance rating is directly linked to reward packages of the company	Employees	4(9.09)	3(6.82)	7(15.91)	16(36.36)	14(31.82)
	Managers	-	2 (25)	1(12.5)	4 (50)	2(25)

Source: Own Questionnaire; 2022

68.18% of non-managerial respondents agreed/strongly agreed that performance rating is directly linked to reward packages of the company while 15.91% disagreed/strongly disagreed to the statement. 15.91% remained neutral. The response of managerial also supported the response of non-managerial respondents on this issue. As depicted in table 4.11 above, 75 % (N=6) of managerial respondents agreed/strongly agreed to the statement while 25% and 12.5% disagreed and remained neutral. No respondents strongly disagreed. This finding on the presence of linkage between performance and reward is supported by the interview discussion.

4.3.3.2 Top Leadership Commitment to the PA

A second factor is appraisal systems must be supported and demonstrated by the top leaders. The literature on many different types of management programs shows that effective program implementation depends on the level of top management commitment—the stronger the commitment, the greater the potential for program success. An organization with a committed leadership, who models effective performance appraisals and establishes clear expectations around performance management for all staff, will have a much higher probability of success than one that does not have high-level support.

Respondents were asked to indicate level of their agreement to the statement that stated the use of performance appraisal is supported and encouraged by the top leadership, and the finding is summarized in table 4.12 below.

Table 4.13: The use of PA is supported & encouraged by the top leadership

Statements	Staff Category	SDA	DA	Nuet.	Agree	SA
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
The use of performance appraisal is supported and encouraged by the top leadership	Employees	6(13.64)	9(20.45)	17(38.64)	8(18.18)	10(22.73)
	Managers	2(25)	1(12.5)	2(25)	3(37.5)	1(12.5)

Source: Own Questionnaire; 2022

The responses to the question whether or not the leadership of the company supported and encouraged the use of performance appraisal in the company indicated that 34.09% and 38.64% of non-managerial respondents disagreed/strongly disagreed and remained neutral to the statement respectively. 18.18% and 22.73% of them agreed and strongly agreed the leadership of the company supported and encouraged the use of performance appraisal. To the same statement, managerial respondents indicated that 50% of them agreed/strongly agreed to the statement. 37.5% disagreed/strongly disagreed while 25% remained undecided.

The relatively unfavourable response towards leadership commitment and support to the PA is further explained through finding from the interview. It was good start when the executive management allocated resources to the design and implementation of the system during the initial stage. However, it fails to keep the momentum going farther. This can be evidenced by leaders failing giving effective appraisals themselves and serving the role model in practicing effective appraisal practices. For a performance management system to be effective, organizational members must accept it, believe it is worth their time, and be motivated to use it. This requires committed leaders. The stronger the leadership commitment, the greater the system’s success will be. Without management support, the system will fail.

4.3.3.3 Continuous Evaluation and Improvement of the PAS

Appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of the system by the employees, comparing the relationship between performance and rewards, and reviewing the consistence of implementation of policies and procedures across all departments and locations.

Respondents were asked whether the PA system is periodically reviewed and changed to ensure its effectiveness, and the result is summarized in table 4.13 below.

Table 4.14: Periodic Review of PA System to Ensure Its Effectiveness

Statements	Staff	SDA	DA	Nuet.	Agree	SA
	Category	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
The PA system is periodically reviewed and changed to ensure its effectiveness	Employees	5(11.36)	4(9.09)	11(25.00)	15(34.09)	9(20.45)
	Managers	1(12.5)	-	2(25)	4(50)	1(12.5)

The responses from non-managerial respondents indicated that 54.54% of respondents agreed/strongly agreed that the system is periodically reviewed and changed while 25% remained neutral.20.45% of respondents disagreed/strongly disagreed to the statement. To the same statement, the result of managerial respondents indicated that 62.5% of them agreed/strongly agreed to the statement. 25% and 12.5% remained neutral and strongly disagreed respectively while no respondent disagreed to the statement.

The interviewee has discussed that from the design of PA forms to procedures, the entire system has gone through review and necessary changes to make it updated. Perception of employees and managers has been obtained through questionnaire and necessary impartments were made to ensure its effectiveness.

4.4 Employee Perception towards Performance Appraisal

The data presented in this section sought to provide answers to research question two which states, 'How do employees perceive the performance appraisal system and practices?' The rationale behind this research question was to find out the perception of employees towards the company' PA. Fairness of performance appraisal as an important criterion in judging performance appraisal effectiveness has been identified in many studies (Greenberg, 1986). Employees' beliefs about fairness of the performance appraisal system have been important influence on the ultimate success of any performance appraisal system, because perceived fairness was linked to confidence in and hence, acceptance of the performance appraisal system (Robertson and Stewart, 2006). Survey participants were asked to respond to all items in their role as a rate in the performance appraisal process.

4.4.1 Perception towards Appraise-Appraiser Relationships

The social aspects of performance appraisal as described by interpersonal justice (Greenberg, 1986) include perceptions about the way a ratter treats the person being evaluated. The relationship between appraiser and their appraise is critical to an effective appraisal and significantly and positively related to staff satisfaction with the performance appraisal system (DeNisi and Murphy, 2017). It is therefore important that employees have a good relationship with their appraisers so that they will view the appraisal process as constructive and fair (Rao, 2004; Fred, 2012). A manager's disrespectful behaviour can be considered as an outcome behaving as a socio-emotional award. Greenberg (1986) provided evidence that individuals are highly influenced by the sensitivity they are shown by their supervisors and other representatives within the organization. This is especially true when ratters show concern for individuals regarding the outcomes they receive. Apologies and other expressions of remorse by ratters have been shown to mitigate rates' perceptions of unfairness (Greenberg, 1986).

In line with this, respondents were first asked level of their agreement to the statement that states their ratters treat them with dignity. As indicated in table 4.14 below, 43.18 and 40.91% of the respondents had agreed and strongly agreed respectively to the statement. While 6.82% and 9.09% showed negative and neutral position respectively.

Table 4.15: Employees’ Response on their relationships with their supervisors

Statements	Strongly Agree		Disagree		Neutral		Agree		Strongly Agree	
	Freq.	%	Freq	%	Freq	%	Freq	%	Freq	%
My rater treats me with dignity	2	4.55	1	2.27	4	9.09	19	43.18	18	40.91
My rater shows concern for my rights as an employee	3	6.8	5	11.36	6	13.64	17	38.64	13	29.55
I have very good working relationships with my supervisor	-	-	4	9.09	3	6.8	20	45	17	38.6

Source: Own Questionnaire; 2022

Respondents were then asked whether their ratters show concern for their rights as an employee. As indicated above in table 14.14, 68.19% of respondents had positive response towards the ratters concern for their rights as an employee, and 18.10 % and 13%.64% replied negative and neutral response respectively.

4.4.2 Perception of Appraiser’s Credibility

Appraisal fairness has a strong positive correlation with an employee’s attitudes towards the supervisor, ability of a supervisor/appraiser to make an accurate evaluation of a subordinate’s performance (Oberg, 1972; Longenecker and Fink, 1999).In order for the evaluation outcomes to be perceived as reliable and useful for providing feedback to improve employee performance, the appraiser must be viewed in such a way that he or she is competent, capable of evaluating their subordinates and unbiased. The assignment of ratters who have sufficient level of knowledge of the rate’s job, their level of performance and performance appraisal system knowledge has substantially influenced perceptions of fairness (Murphy andCleveland, 1991).

To capture the perception of respondents towards confidence on and credibility of their ratters, they were asked level of their agreement to the statement that states their supervisor is qualified to evaluate their work. As indicated below in table 14.15, 74.8% of respondents agreed or strongly agreed to the statement. Only 11.37% of the respondents had negative response while 14% took neutral position.

Table 4.16: Employees’ Response on confidence and credibility of their appraiser

Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Disagree	
	Freq.	%	Freq	%	Freq	%	Freq	%	Freq	%
My supervisor is qualified to evaluate my work.	2	4.55	3	6.82	6	13.64	19	43.18	14	31.8
My supervisor understands the requirements and difficulty of my work	1	2.27	1	2.27	5	11.36	18	40.91	19	43.2
Overall, I'm satisfied with the guidance& quality of supervision I received	4	9.09	3	6.82	8	18	15	34	14	31.8

Source: Own Questionnaire; 2022

Regarding their perception towards understanding of the requirements and difficulty of their work by their supervisor, 84.2% of respondents believed that their supervisors are well informed about their work while 5.54% and 11% have negative and neutral stand to the statement respectively. Individuals with more knowledge of the requirements of the particular job have been found to be less influenced by serial position and to more validly predict future performance than individuals with less knowledge of the job requirements (Landy and Farr, 1980)/ Murphy and Cleveland (1991) suggest that systems will be considered fair and more acceptable if ratters have a high degree of employee job knowledge

Finally, respondents were asked to indicate their level of agreement on the level of overall satisfaction with the guidance & quality of supervision they received. As shown in table 14.14above, 65.73% of the respondents had positive response while 16.91% and 18% had negative and neutral position towards the statement.

4.4.3 Perceived Accuracy and Consistency of the Appraisal Rating

Perceived accuracy of performance appraisal has been regarded as an important aspect to evaluate the satisfaction and motivation in employees in relation to performance appraisal. It is associated with outcome fairness of the appraisal process which arises from both the evaluations that are received and the rewards or punishments that accompany these evaluations

(Greenberg,1986).Employees determine outcome fairness by the appropriateness of the decision and by whether or not the outcome received was consistent with what the employee expected to receive. In this regard, studies suggest that if employee perceive that appraisal outcomes are accurate, they are more likely to recognize these results and act on them (Roberson and Stewart, 2006; Johnson et al., 2011).

The respondents were asked whether their performance was accurately rated &they received the appraisal outcome that they deserved. Their perception of fairness of their raters and overrating concern were asked to the respondents. Their responses were as shown in table 14.16.

Table 4.17: Reactions towards Accuracy and Consistency of Ratings

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
My performance was accurately rated & I received the appraisal outcome that I deserved	4(9.09)	11(25.00)	4(9.09)	12(27.27)	13(29.5)
My rater appraises performance without any biasness	6(13.64)	4(9.09)	9(20.45)	14(31.82)	11(25.0)
The performance-rating standards don't apply consistently across the company	5(11.36)	3(6.82)	11(25)	13(29.55)	10(22.73)
Other supervisors give the same ratings to all their subordinates in order to avoid resentment and rivalries among them.	3 (6.82)	4 (9.09)	12(27.27)	8(18.18)	10(22.7)

Source: Own Questionnaire; 2022

Regarding perceived accuracy of their rating, table 14.16 above shows that 57.17% of the respondents agreed or strongly agreed that their performance was accurately rated & they received the appraisal outcome that they deserved. About 34% and 9% of them had negative and neutral response respectively.As can be observed from the above table 22.73% of respondents strongly disagreed or disagreed that their supervisors rate appraisal without any biasness while 20.45% g of them remained neutral. 31.82 % and 25% of the respondents agreed and strongly agreed to the statement.

Question on consistent application of the performance-rating standards across the company was asked to the respondents. As the above table depicts, majority of the respondents (N=23) believed that the performance-rating standards don't apply consistently across the company. Eight and nine respondents believed in the consistent application of standards and remained neutral respectively.

Finally, respondents were asked whether they believed that other supervisors give the same ratings to almost all their subordinates in order to avoid resentment and rivalries among them. As indicated above in table 14.17, only 15.91% of respondents disagreed or strongly agreed that other supervisors give the same ratings to all their subordinates while 27.27% remained neutral. On the other hand, 40.88% of the respondents believed that other supervisors give the same ratings to all their subordinates. This finding indicates that there is serious concern of over-rating and inconsistency.

4.4.4 Perception of Rate's Voice and Explaining Rating Decisions

One of important elements that affect employee perceptions of procedural fairness is a fair hearing which means: an opportunity to influence the evaluation decision through evidence and argument, access to the evaluation decision and an opportunity to challenge the evaluation decision (Robbins and DeNisi, 1993). Appraisers are required to get appraises' inputs before making any final rating decision, and held a face-to-face discussion an employee in a one-to-one setting in which they discuss and formally summarize the employee's achievements and limitations using an agreed and understood framework over the review period. This will enable the appraiser to incorporate the rate's inputs, explain the rating decisions and give clear and real examples to justify his or her ratings. Questions related to these issues were forwarded to the respondents, and the result is summarized in the following table.

In the PA system of an organization, appraises should have access to their appraisal reports; they must have clear information about potential benefits of high ratings, or consequences of low ratings, and the like. In this respect, respondents were asked whether they have access to view their appraisal rating report. As table 14.17 reveals, 93.18% of the respondents agreed/strongly agreed that they had access to their appraisal result. In line with this, an interview conducted with HR also revealed that employees have access to see their result and will sign on the form explaining they agree with the result or not. The fact that employees have access to see their evaluation result

shows transparency of the performance appraisal process. Having access to their evaluation result also helps employees know their strength and limitations, as well.

Table 4.18: Perception of Rate’s Voice and Explaining Rating Decisions

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	FREQ.(%)	FREQ. (%)	FREQ. (%)	FREQ. (%)	FREQ. (%)
I have access to view my appraisal rating report	-	2(4.55)	1(2.3)	19(43.18)	22(50)
My supervisor discussed my performance with me in a formal, private, two-way discussion	3(6.88)	1(2.3)	5(11.36)	16(36)	19(43)
My supervisor gives me clear and real examples to justify his or her rating of my work.	2(4.55)	8(18.18)	6(14)	15(34)	13(29.5)
I felt that I had sufficient opportunity to raise questions and make comments in my review conference	5(11.36)	8(18.18)	8(18.18)	12(27)	11(25)

Source: Own Questionnaire; 2022

Respondent were asked to indicate the level of their agreement to the statement that stated they discussed their performance with their supervisors in a formal, private, two-way performance review meeting. As depicted in table 4.17 above, 79% of the respondents agreed/strongly agreed that they had the discussion with their supervisor. 6.88 % and 2.3% had negative response while 11.36% take neutral stand. This finding is also supported with the interview discussion where it revealed that one-to-one performance review discussion is a mandatory requirement of the PA procedure. The PA form has a statement that stated the employee had the opportunity to have a review meeting and discussed the rating in a private setting.

Another important procedural justice factor is judgment based on evidence. This means convincing employees that ratings do accurately reflect performance by justifying evaluation decisions in

terms of performance-related evidence. In this vein, the respondents were asked whether their supervisors give them clear and real examples to justify his or her rating. The finding, as summarized in table xx above revealed that 34% and 29.5% respondents agreed and strongly agreed to the statement while 4.55% and 18.18% strongly disagreed and disagreed respectively. Review and analysis of the PA form indicated that supportive narration is recommended to support the rating of each criterion, and a space is provided for this purpose. However, supervisors are required to provide narration to substantiate high (5) or low ratings (1). Moreover, summary of narrations in respect to the strengths and improvement areas are required from each rater. The supervisor should comment and explain the overall rating given to the employee. For an overall rating of “exceptional” or “unsatisfactory,” the supervisor must provide expanded information why the employee warrants the highest or lower score in our performance rating system. This information should be detailed.

Studies found that the fairness of performance evaluations was related to the opportunity provided to employees to express feelings when evaluated regardless of the rating outcomes themselves. The statement: *-I felt that I had sufficient opportunity to raise questions and make comments in my review conference-* was forwarded requesting participants to indicate the level of their agreement. As table cc above, 52% of the respondents have positive response while about 30% have negative response to the statement. The negative response along with 18.18% of respondents with neutral position has shed a doubt on the quality and participatory nature of the review meeting. To incorporate rate's voice, the company PA procedure requires managers to get appraiser's self-appraisals before making any final rating decision. Moreover, all employees have the right to add comments concerning their annual reviews. Such comments may include acknowledgement or disagreements with the performance ratings given by the supervisor.

4.4.5 Reaction towards the Appeal Procedures

The presence of appeal procedures for rates has been mentioned many times in the literature as necessary to a successful system (Walsh, 2003). In order to preserve the credibility of the appraisal scheme it is necessary to set up a procedure for employees to appeal against their assessment. This may be through a special procedure linked to the appraisal system or through the grievance procedure. As Mathis and Jackson (1997) stated it is likely that performance evaluation result can

be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in an organization shows that the management has given due focus to PA process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation

Table 4.19: Reactions towards Appeal Procedure

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
I have formal procedures to appeal a performance rating that I think is biased or inaccurate.	5 (11.36)	8(18.18)	7(16)	16(36)	8(18.2)
I know I can get a fair review of my performance rating if I request one.	6 (13.64)	5(11.36)	9(20)	14(32)	10(22.7)

Source: Own Questionnaire; 2022

The above table shows that 36% of the respondents agreed and 18.2% strongly agreed that they had formal procedures to appeal a performance rating that they thought was biased or inaccurate. On the other hand, 29.54% of the respondents disagreed or strongly disagreed to the statement. To understand the respondents' confidence on the appeal procedure, they were asked to indicate their level of agreement to the statement that stated they know they can get a fair review of their performance rating if they request one. As the above table indicated, 54.7% of the respondents agreed or strongly agreed that they know they can get a fair review of their performance rating if they request one. But significant portion of the respondents (45.3%) either had negative response or kept neutral position.

To triangulate the finding, the interviewer was asked to explain whether there is appeal procedure or not and how it operates. From the interview, it was understood that the company has not formal appeal procedure. In case of disagreements between the supervisor and the employee on the rating, the employee can take the case to the next level manager (i.e. supervisor of the rater). Ensuring

due process is vital. Organizations should have a formal grievance procedure to provide employees an opportunity to appeal appraisal results that they consider inaccurate or unfair.

4.4.6 Employees’ Satisfaction with the Performance Appraisal

Stakeholders satisfaction has been the most frequently measured appraisal reaction that eventually affects the effectiveness of an appraisal system (Walsh, 2003), a well-designed PA system can be doomed to failure, if it is rejected by the system users/stakeholders. Appraisal satisfaction has been conceptualized in three ways: (a) satisfaction with the appraisal in improving individual and organizational performance, (b) satisfaction with the appraisal system, and (c) satisfaction with performance ratings (Keeping and Levy, 2000).

Questions related to these issues were forwarded to the respondents, and the result is summarized in the following table.

Table 4.20: Employees’ Satisfaction with the Performance Appraisal

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I think the performance appraisal process is worthwhile	3 (6.82)	2(4.55)	11(25)	20(45)	8(18.2)
Overall. I am satisfied with the way the PA system is used to evaluate and rate my performance.	5 (11.36)	6(13.64)	7(16)	17(39)	9(20.5)
The PA has helped me to improve my job performance	6 (13.64)	5(11.36)	9(20)	14(32)	10(22.7)

Source: Own Questionnaire; 2022

63.20% of respondents agreed or strongly agreed that the performance appraisal process is fair and worthwhile while 8.37% disagreed or strongly disagreed to the statement. An important point is that 25% of the respondents remain neutral. Regarding their overall satisfaction with the way the PA system is used to evaluate and rate their performance, 59.5% of the respondents agreed/strongly agreed to the statement that they are satisfied. 25.40% of the respondents either disagreed or strongly disagreed to the statement that stated they are generally satisfied with the way the PA system is used to evaluate and rate their performance while 16% take neutral position.

Respondents were also asked to indicate their level of agreement to the statement that stated the PA has helped them to improve their job performance. As shown in table cc above, 54.7% of the respondents replied positive response to the statement while 25.3% and 20% of the respondents replied negative and neutral response.

4.5 Challenges in the Design and Implementation of PA in My Wish

Employees and managers employees were asked to indicate the challenges they believed are prevalent the PA in My Wish. The interviewee was also asked to list and describe the challenges they faced in designing and implementing PA. Along with document analysis, this study has identified the challenges associated to the appraisal system and its practices.

To begin with, the HR expert states that ...we start experimenting with PA since 2018 and experience many shifts in processes or programs. HR is still the driver of performance management, but we observe some areas of strengths, such as good start with leadership commitment to the beginning, people started discussing about performance, intensive training to managers and employees, availability of supportive guidelines. He added that, PA is still at a developing stage of maturity and a key priority area for the company to drive strategy implementation.

4.5.1 Unintegrated Approach: Lack of Strategic & Operational Plan

The company does not have strategic and operational plan. And, thus, goal setting and cascading is not practiced. This makes alignment of individual KPIs and measures with that of the Company's strategy difficult. In general, the performance appraisal is only measuring the level of performance of the individual employees and not the performance of the organization.

4.5.2 Performance Appraisal Form-Oriented

Supervisors and the employees do not develop performance indicators, standards, and targets for each objective in order to communicate job expectations and to provide a benchmark that both the supervisor and employee use to evaluate the employee's performance. The most visible component of the company's performance appraisal system is bi-annual appraisal event and the appraisal form. The form seems to be the driver of the entire performance appraisal system. The focus is on rating the person, but not so much on improving the performance.

4.5.3 Inadequate Leadership Commitment and Managerial Ownership

Appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by leaders giving effective appraisals themselves because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization (Longenecker & Fink, 1999).

In My Wish, inconsistent sponsorship of the executive management to the PA is a critical challenge. The leadership failed to play a role model role in practicing this case. The leadership team has not appraised performance of line managers. Secondly, inadequate line managers' ownership is another problem: performance management is seen just as a formality; not taken seriously; appraisal is made just for the sake of fulfilling the requirement; it is still HR-driven routine activity. An interview discussion made with HR disclosed that lack of focus and carelessness by some managers are a challenge. He added that there are instances where the supervisor or manager reports that a certain staff is not able to perform toward expectation and at the same time rating him/her at an average for fear that he/she might miss the benefit package. This shows rating is carelessly done and is not strict.

4.5.4 Subjectivity and Inconsistency of Rating

There is an issue of subjectivity in the performance evaluation. The subjectivity of the evaluation discourages employees on supporting the measurement of performance appraisal. The HR expert explains the problem as: The problem with rating scales is that it is very difficult, if not impossible without very careful management, to ensure that a consistent approach is adopted by managers responsible for rating. He went on to say that analysis of past performance reviews indicated prevalence of overrating and centrality bias that can be impacted by rating scale design as 5 point scales usually give birth to centrality bias amongst managers.

It is almost inevitable that some people will be more generous than others, while others will be harder on their staff (Roberson and Stewart, 2006). He added that (a) standards and ratings vary widely and sometimes unfairly from supervisor to supervisor, (b) the supervisor's personal values and bias can replace organizational standards in the evaluation process, (c) the validity of the ratings is reduced by supervisory resistance to give the ratings, particularly negative ratings.

4.5.5 Limited Employees Participation and Appeal Procedures

Employees have limited opportunities to participate in the appraisal process, particularly in the performance rating process. Though they are allowed to complete self-appraisal, it does not have any weight. Moreover, employees' are not provided with just and reliable appeal process whenever they want to appeal for what is deemed unfair and unjust practice.

CHAPTER FIVE: 5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings and draws conclusions from the findings. It also presents the recommendations and suggestions for further research studies.

5.2 Summary of Findings

This study was conducted on the assessment of performance appraisal practice in the case My Wish Plc. The study employed both questionnaires and interview to collect primary data. The interview was held with one HR Expert who has been leading the design of PAS and currently led its implementation. 50 questionnaires were distributed to non-managerial staff and 44 questionnaires were properly filled and collected. 10 questionnaires were distributed to managerial staffs that have appraisal responsibility and 8 questionnaires were properly filled and collected.

- My Wish Enterprise has implemented the formal appraisal system in 2018. It is found that the company has been using PA results for both decision-making (salary increment and promotion) and development purposes (training and development) at the same time.
- Majority of both supervisors and their employees have good understanding of the appraisal purpose and benefits. It is also found that appropriate training and education is given to the employees and managers.
- The company's PA procedures and forms are relatively simple and user-friendly with continuous review and aid of technology. The systems design process has involved and to some extent take the input of managers and employees in the design and choice of criteria used in the appraisal. It was found the criteria, standards & metrics lack clarity and objectivity.
- The company has used Behaviorally Anchored Rating Scales (BARS) to aid consistency and objectivity of the performance evaluation process. However, BARS have not been customized to fit different type of job. In this case, they may still suffer from unreliability, leniency bias and lack of discriminant validity between performance dimensions.

- Individual appraisal and rating technique has been used in the company whereby the immediate supervisor rates an employee performance under his/her supervision and subsequently reviewed by the next supervisor along the hierarchy. Performance is appraised twice a year. And, this was also preferred by both managers and employees to continue as it is now.
- As MW doesn't have strategic plan, the system adopts a PIECEMEAL and Behavioral-oriented, where individual performance is appraised based on generic performance appraisal form against behaviorally defined criteria. Performance objectives, targets & measures are not clearly defined, which makes the process of appraisal just another routine activity. It focuses on individual performance alone, failing to align with organizational priorities.
- All professional staff are evaluated against similar factors; no customization. Moreover, competencies are generic to all departments. All factors are measured by every unit as equally important. No distinction is given according to the priority of each department and the responsibilities of the individual employees
- The study has found that the managers are not appraised at all. When a supervisor did not complete a performance appraisal on time, the interviewee stated that HR nagged them without any consequence of wrong doings, making accountability missed in the process.
- Limited Employees Participation and Appeal Procedures: Employees have limited opportunities to participate in the appraisal process, particularly in the performance rating process. Though they are allowed to complete self-appraisal, it does not have any weight. Moreover, employees' are not provided with just and reliable appeal process whenever they want to appeal for what is deemed unfair and unjust practice.
 - Most of the respondents showed that they receive performance feedback from their supervisors timely during the appraisal period. But the company has not monitoring and feedback mechanisms
 - The majority of the respondents agreed that they have access to see their performance evaluation result, participated in the review discussion, provide comment on their rating. But their voice is weak

- Employees perceive that performance appraisal has benefits to both the employees and the company and the current performance appraisal process of the company is productive and helped in realizing the benefits of performance appraisal.
- Finally, the findings indicate that there are key challenges that hinder effectiveness of PA, such as biasness and subjectivity of rating, lack of communicating performance standards and expectations to the employees, no link between some evaluation criteria and employee job, absence of employee participation in setting performance evaluation criteria and lack of focus and carelessness by some branch managers.

5.3 Conclusions

What became clear is that the performance appraisal system of the target company is not perceived as bad as it could have been, but unfortunately also not as good as it could have been. Employees have positive perceptions towards many of organizational justice dimensions such as the relationships with and credibility of their supervisors, the effectiveness of system. Moreover, important components of 'high-performing performance appraisal system are mixed results.

The respondents also indicated their relative satisfaction with their most recent performance appraisal rating and with their supervisor. Less satisfaction (although not dissatisfaction) was indicated with the performance appraisal system overall.

5.4 Recommendations

In connection with the summary of findings and conclusions drawn above, the following recommendations are provided to address the gaps identified by the study.

Recommendations

Based up on the findings of the study the researcher forwarded the following recommendations;

- **Clarify Purpose of Performance Appraisal:** It is important for the leadership of the company to clarify and make strategic choice about the purpose of the PA. As was revealed from the results, the company conducts the appraisal process to meet conflicting purposes: decision-making or development. It is extremely difficult, if not impossible, to serve both purposes equally well with the same system. For a performance management system to achieve its maximum benefit, it is best to choose one purpose – decision-making or development – and then develop the system to support that purpose. If the company insists on this, break up the two uses by first

having a decision-making review and then having a developmental discussion at a later point in time, or vice versa. This can help to avoid some of the problems inherent in trying to discuss decisions and development at the same time.

- **Leaders Should Set and Align Goals:** Individual goals should derive from strategic direction and overall company goals. To be objective & relevant, performance criteria should be based on clearly articulated and aligned organizational priorities. This can be ensured by translating an organization's priorities & objectives into day to day operations of everyone at various tiers of an organization. By showing how the work performed across the organization fits together, it is more likely that everyone will be working in alignment to support the organization's strategic direction and critical priorities.
- **Performance Planning and Expectation Setting:** The study recommends that employees should receive targets by their managers first and then they could set and agree their own ones. This could help employees to see how their individual targets relate with the company's objectives on a higher level (Murphy & Cleveland, 1998). Another aspect is that goals should be written down objectively and clearly so that the expectations of the employee and the manager could be aligned. Establishing SMART goals provides clarity upfront to employees who will be evaluated later against these goals.
- **Feedback and Monitoring Mechanisms:** Another implication for improvement concerns the frequency of feedback. Informal, each rater can also easily implement more feedback. A solution could be that raters integrate so called achievement updates on a weekly basis which then touch upon good and bad issues, while so called achievement assessments take place bi-monthly, are more formal and aim at getting a more clear depiction of issues troubling both sides.
- **Train, Motivate and Hold Line Managers Accountable:** The quality of performance appraisal process depends on high level of the line manager leadership skills, experience and maturity.. A supervisor's attitudes and skills in the appraisal process are crucial – care, empathy, listening, coaching and influencing, asking the right questions, paraphrasing, summarizing, etc. (Armstrong & Baron 1998). These are skills that can and should be trained. Managers should be appraised and also held accountable for doing appraisal practices effectively.

- **Quality Assurance Mechanisms:** Objectivity and consistency of appraisal ratings should be monitored and improved using formal strategies. First of all, it should be decided if the integration of more appraisal sources could be useful. Using 360-degree appraisal will help to resolve bias and objectivity by upward performance appraisal. Secondly, rating calibration should be used as a quality assurance mechanism where is where managers get together within a business unit or function to discuss their ratings of employees and identify areas where they may have inadvertently applied different standards. Finally using the review and approval of the Next-Level Manager in more systematic and consistent manner and training managers need to be effected.
- **Formal Appeal Procedures:** It was understood that the company has not formal appeal procedure. It should have a formal grievance procedure to provide employees an opportunity to appeal appraisal results that they consider inaccurate or unfair.
- **Optimize Effective Usage Self-Appraisal:** Self-Appraisal increases the effectiveness of the appraisal system and results in a positive impact on an employee's satisfaction with the evaluation and his/her perception of justice and fairness. Therefore, it is recommended to provide some weight to self-appraisal ratings.

5.5 Recommendations for Future Studies

The researcher has tried to assess performance appraisal practice and challenges at MWE. The scope of this study is limited only to the case of MWE. Hence, the researcher recommends the following topics that can be studied in relation to performance appraisal to other researchers.

5.6 Recommendation for Future Studies

This study assessed and examined the performance appraisal practices at MW. The sample used was relatively small. The researcher recommends that future survey researches that:

- (1) Utilize multiple respondents from each participating organization
- (2) Clearly distinguish between how the appraisal process was intended to be used and how it is actually used.
- (3) Address Assessment of factors affecting performance appraisal
- (4) Focus on comparative study on performance appraisal practice

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Appendix

St Mary's University

School of Graduate Studies MBA Program

Semi-structured interview guide with HR expert on performance appraisal practices

1. For what purpose mainly do you use the result of appraisal?
2. Have you provided training to managers and employees on the PA purpose, processes and their respective roles? How often? Please explain?
3. Who have developed the current performance appraisal system and practices?
4. Have you involved managers and employees in the development of the system? How?
5. Have managers & employees the discretion to choose & customize PA criteria and forms? How?
6. How often is the company conducting PA in a year?
7. How often do you think it should be conducted in a year? Why?
8. Who does appraise employees' performance in the company?
9. Who do you think should appraise employees' performance in the company?
10. Please explain me about your appraisal methods and techniques used in the company, such as rating scale, standards, metrics and measures?
11. How do you think about perception of employees towards PA practices?
12. Do you think the current appraisal system is a true reflection of employees' performance?
 - If yes → can you explain a bit more?
 - If no → Why do you think this is not so? How do you make the appraisal reflect true measures of employee performance?
13. In your opinion, how effective is the current appraisal system in the organisation?
 - If effective → In what ways the current appraisal system is effective with regards to measuring employee performance and achieving organizational goals?
 - If not effective → In your experience, what are the issues and challenges that undermine the current appraisal system?
14. What efforts have been made to review and improve the appraisal practices of the company?
15. Do you think the current appraisal system needs to change?
 - If yes → in what ways?
 - If not → Why not?

Thank you

Annex-1

St Mary's University
School of Graduate Studies MBA Program
Questionnaire to Be Completed by Non-Managerial Employees

Dear respondent, my name is Meron Tsega, prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first-hand information for a study being conducted on "Assessment of Performance Appraisal Practices at My Wish Enterprise PLC", as partial fulfillment of Masters of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate.

The study is purely academic research and the data you provide will be used for **Academic Purpose Only**. Therefore, for sure, all your responses will be kept confidential.

Directions: This questioner contains different variables, including closed ended and open ended Directions: Please provide your answer for the closed ended questions by marking (√) choices and by writing your responses in the space provided for the open ended.

I would like to thank you in advance for your kind cooperation.

Meron Tsega

Part I: Respondent's Profile

1. Gender:

A. Male:

B. Female:

2. Age:

A. Below 25:

B. From 25 to 35:

C. From 3 to 45

D. 46-55:

E. Above 55:

3. Academic Qualification:

A. High School Complete:

B. Diploma:

C. B.A:

D. MA and above:

4. How many years have you been working in the company?

A. From 2 to 5 years

B. From 5 to 10 years

C. Above 10 years

5. Your role:

A. Manual:

B. Semi-skilled:

C. Clerical:

D. Junior Professional:

E. Senior Professional:

Part II: General Information on Performance Evaluation

1. How often is your performance appraised in a year?

A. Every month:

B. Every 3 months

C. Every 4 months

D. Every 6 months

E. Once a year

2. How often do you think your performances should be appraised in a year?

A. Every month:

B. Every 3 months

C. Every 4 months

D. Every 6 months

E. Once a year

3. Who does appraise your performance? (You may tick more than one).

A. Immediate Supervisor:

B. Colleagues

C. Myself

D. Customers

E. Others Please specify: _____

4. Who do you think should appraise your performance? (You may tick more than one).

A. Immediate Supervisor:

B. Colleagues

C. Myself

D. Customers

E. Others Please specify: _____

5. For what purpose(s) is the performance appraisal result being used in the company? (You may tick more than one).

A. Salary Increment

B. Bonus

C. Promotion

D. Training & Development

E. Termination

F. I don't know

G. Others (Please specify) _____

6. What purpose(s) do you think the appraisal result should be used?

7. Which of the following challenge/problem(s) apply to the appraisal systems of the company? (You may tick more than one if applicable).

A. Lack of rater ability to appraise employee performance

B. No link between some evaluation criteria and employee job

- C. Rater bias in evaluating performance
- D. Absence of employee participation in setting performance evaluation criteria
- E. Lack of communicating performance standards and expectations to the employees
- F. Lack of on-going feedback
- G. Others,

(Please Specify) _____

Part III: Information on Performance Evaluation Practice

Direction: Based on your experience and observations with regards to the Performance Appraisal System (PAS) used in the company, please mark (X) on the responses box that matches your level of agreement using the following a five-point scale: 1= strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree

I. Understanding of the PAS and Practices						
No	Statements	Responses				
		1	2	3	4	5
1.	I clearly understand the purpose of the company’s performance appraisal, and appraisal process & requirements					
2.	I know how my performance impacts the company					
3.	I have got the opportunity to participate & provide input in the design & choice of the performance criteria and form used to measure my performance.					
4.	I fully understand the criteria, rating scale and weight used to appraise my performance					
5.	The appraisal process is simple and quick to do					
II. Appraise-Appraiser Relationships & Appraiser’s Credibility						
6.	My supervisor is qualified to evaluate my work.					
7.	My supervisor knows what I am supposed to be doing, & the requirements & difficulties of my work.					
8.	My supervisor is familiar with the PA rating procedures, and knows how to evaluate my performance.					
9.	My supervisor takes the rating system and process seriously.					
10.	My supervisor is almost always polite, and treats me with dignity & respect.					
11.	My supervisor takes the time to explain decisions that concern me.					
12.	Overall, I am satisfied with the amount of support and guidance& quality of supervision I receive at work from rater.					
13.	All in all, I have a good supervisor & would give my supervisor a positive rating.					
III. Clarifying Expectations and Standards						
14.	The PAS process requires that performance expectations be set for me during a Planning Session at the start of a rating period.					
15.	My supervisor regularly explains to me what he or she expects of my performance.					
16.	My supervisor clearly explains to me the standards that will be used to evaluate my work.					
IV. Providing Feedback						

17.	My supervisor frequently lets me know how I am doing.						
18.	My supervisor routinely gives me feedback that is important to the things I do at work.						
19.	My supervisor usually keeps a file on what I have done during the appraisal period to appraise my performance.						
20.	My supervisor reviews with me my progress towards my goals.						
V. Reactions Toward Accuracy of Ratings							
21.	I am satisfied with the performance rating I received for the most recent rating period.						
22.	My performance was accurately rated & I received the appraisal outcome that I deserved						
23.	My ratings were based on actual performance and not personal feelings.						
VI. Concern Overrating							
24.	My supervisor gives me the rating that I earn even when it might upset me.						
25.	The rating I get is a result of my supervisor applying performance-rating standards consistently across employees.						
26.	Supervisors give performance ratings that reflect, in part, their personal like or dislike of employees.						
27.	Supervisors give the same ratings to all their subordinates in order to avoid resentment and rivalries among them.						
VII. Explaining Rating Decisions							
28.	My supervisor gave me advance notice of the performance review conference.						
29.	Self-assessment is allowed prior to conduction final result						
30.	My supervisor discussed my performance with me in a formal, private, two-way discussion						
31.	My supervisor gives me clear and real examples to justify his or her rating of my work.						
32.	I felt that I had sufficient opportunity to raise questions and make comments in my review conference						
33.	In my last performance review, I was clear on what I had done well and what I could do better in my performance.						
VIII. Availability of Appeal Procedures							
34.	I have ways to appeal a performance rating that I think is biased or inaccurate.						
35.	I know I can get a fair review of my performance rating if I request one.						
36.	I am comfortable in communicating my feelings of disagreement about my rating to my supervisor.						
IX. Organizational Support & Leadership Commitment Towards the PAS							
37.	Performance rating is directly linked to reward packages of the company						
38.	The use of performance appraisal is supported and encouraged by the top leadership						
39.	My supervisor him/her is rated on how well he/she does appraisals by his/her supervisor, & held accountable for doing effective appraisals.						
40.	The performance appraisal system is periodically reviewed and changed to insure its effectiveness						
X. Reactions to Overall Effectiveness of the PAS							
41.	I think the performance appraisal process is worthwhile						
42.	I am satisfied with the way the PA system is used to evaluate and rate my performance.						
43.	The PA has helped me to improve my job performance						

If you have any additional comment on the practices and challenges of the company's performance appraisal system, please specify:

Thank you very much!

Meron Tsega

St Mary's University

School of Graduate Studies MBA Program

Questionnaire to Be Completed by Supervisors/Managerial Employees

Dear respondent, my name is Meron Tsega, prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first-hand information for a study being conducted on "Assessment of Performance Appraisal Practices at My Wish Enterprise PLC", as partial fulfillment of Masters of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate.

The study is purely academic research and the data you provide will be used for **Academic Purpose Only**. Therefore, for sure, all your responses will be kept confidential.

Directions: This questioner contains different variables, including closed ended and open ended. Directions: Please provide your answer for the closed ended questions by marking (✓) choices and by writing your responses in the space provided for the open ended.

I would like to thank you in advance for your kind cooperation.

Meron Tsega

Part I: General Information on Performance Evaluation

8. How often do you appraise performance of your subordinates in a year?

F. Every month:

G. Every 3 months

H. Every 4 months

I. Every 6 months

J. Once a year

9. 2. How often do you think performances of your subordinates should be evaluated in a year?

F. Every month:

G. Every 3 months

H. Every 4 months

I. Every 6 months

J. Once a year

10. Who does evaluate performance of your subordinates? (You may tick more than one).

- F. Immediate Supervisor:
- G. Colleagues
- H. Myself
- I. Customers
- J. Others Please specify: _____

11. Who do you think should appraise your subordinates' performance? (You may tick more than one).

- F. Immediate Supervisor:
- G. Colleagues
- H. Myself
- I. Customers
- J. Others Please specify: _____

12. For what purpose(s) is the performance a result being used in the company? (You may tick more than one).

- H. Salary Increment Customers
- I. Bonus
- J. Promotion
- K. Training & Development
- L. Termination
- M. I don't know
- N. Others (Please specify) _____

13. What purpose(s) do you think the appraisal result should be used?

14. Which of the following challenge/problem(s) apply to the appraisal systems of the company? (You may tick more than one if applicable).

- H. Lack of rater ability to evaluate employee performance
- I. No link between some evaluation criteria and employee job
- J. Rater bias in evaluating performance
- K. Absence of employee participation in setting performance evaluation criteria
- L. Lack of communicating performance standards and expectations to the employees
- M. Lack of on-going feedback

N. Others,

(Please

Specify)_____

Part III: Information on Performance Evaluation Practice and Challenges

Please mark (X) or tick the statement that indicates your level of agreement in the responses box using the following scale:

5=Strongly Agree ____ 4=Agree ____ 3= Neutral ____ 2=Disagree ____ 1= Strongly Disagree

No	Statements	1	2	3	4	5
1.	The top leadership give effective appraisals themselves and motivate and held me (as a supervisor) accountable for effectively appraising my subordinates					
2.	I myself have been effective appraisals by my manager					
3.	I consider the time spent doing PMS worth its value in improving performance of the individual employees and my team					
4.	I have been given continuous training and information on the system and how to appraise					
5.	I have full understanding of the purpose, the appraisal cycle and my roles					
6.	I have participated and provided provide input in the design, development, and choice of criteria used in the appraisal					
7.	Overall, the performance management system is easy to understand and use					
8.	The performance evaluation criteria used to measure my subordinates' performance are clear and objective.					
9.	The performance evaluation form used to evaluate my subordinates' performance is customized based on the characteristics of their job.					
10.	Overall, my subordinates are satisfied with the criteria, rating scale and weight used in the current appraisal form					
11.	I set performance targets for my subordinates to achieve					
12.	The PA process requires a Planning Session at the start of a rating period.					
13.	I involve my subordinates in setting the performance targets expected of them					
14.	The PA enables me to truly differentiate top performers from solid performers from low performers					
15.	I frequently provide feedback to the subordinate in a timely manner during the appraisal period.					
16.	I generally support my evaluation with specific incidents of good and poor performances.					
17.	I usually keep a file on what my subordinates have done during the appraisal period to evaluate their performance.					
18.	I collect inputs about employees' performance from the employees themselves before the appraisal meeting					
19.	I held meaningful and productive performance appraisal review meetings					

20.	I discuss training and development needs of my subordinates as a result of the performance					
21.	Employees can appeal to the higher official if they perceive their result is biased and inaccurate.					
22.	Employees under my supervision consider their appraisal rating just and fair, and reflect their actual performance					
23.	Recognition and rewards are based on performance in the company					
24.	I strongly believe that rewards should be linked to performance rating					
25.	Employees under my supervision generally perceive the performance management system of the Company as important and relevant to improve their performance					
26.	I think the performance appraisal process is worthwhile, and strictly meeting its intended purposes?					
27.	The overall performance of employees under my supervision has been improving as a result of the performance management system					
28.	The current performance management system have been regularly reviewed and improved					

If you have any suggestions/ comments on the appraisal practices of the company, please specify.

Thank you for your time!

Meron Tsega

43. The PA has helped me to improve my job performance

If you have any additional comment on the practices and challenges of the company's performance appraisal system, please specify:

Thank you very much!

Meron Tsega