



**Addis Ababa University**  
**College of Business and Economics**  
**Department of Public Administration and Development**  
**Management**

**Assessment of Employees' Performance Evaluation Practices for  
Enhancing the Effectiveness of an Organization: the case of Addis  
Ababa City Roads Authority**

**By: Girma Kassaye**

**A Thesis Submitted to the Department of Public Administration and  
Development Management in Partial Fulfillment of the  
Requirement for Master of Arts Degree in Public Management and  
Policy with specialization of Development Management**

**June 2017**

**Addis Ababa, Ethiopia**

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## DECLARATION

I declare that the Research work entitled “**Assessment of Employees’ Performance Evaluation Practices in Addis Ababa City Roads Authority**” is my original work and has not been presented in this University or any other University, and that all sources of materials used for the project have been duly acknowledged.

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## **Acronyms**

AACRA	Addis Ababa City Roads Authority
BARS	Behaviorally Anchored Rating Scale
BOS	Behavior Observation Scale
MBO	Management by Objective
PA	Performance Appraisal

## ***Abstract***

*The purpose of this study was to examine employees' performance appraisal practices in Addis Ababa City Roads Authority focusing on permanent employees. Performance appraisal is utilized to identify individual strengths and weaknesses for future improvements and assessed whether organizational goals are achieved or serves as basis for the organization's future planning and development. This research employed both questionnaires and interviews for collecting primary data from sample drawn through simple random sampling. It also collected data from secondary sources of like: collective agreement, HRM's report and labour proclamation. The collected data were logically presented in the form of tables and the results were analyzed through descriptive statistics such as frequency and percentage. The result of the study showed that employees' performance evaluation in AACRA lack of sound performance appraisal system. Hence, it has been recommended that AACRA should design and implement sound evaluation method such as modern performance evaluation system like management by objective, alignment of performance evaluation with organizational goal, continuous training of managers to improve employees' performance appraisal practices.*

***Key words: Performance Evaluation, Management by Objective, Performance Appraisal System***

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

Human resources with knowledge and competencies are the key assets in assisting organizations to sustain their competitive advantage. Globally, competitive organizations depend on the uniqueness of their human resources and the systems for managing human resources effectively to gain competitive advantages. Hence, the degree of human resource contribution for the development of the organization is depending on its Employees' Performance Evaluation. Performance evaluation is a process by which employees are formally assessed at regular intervals. This process is conducted to identify efficient employees, grant award, and motivate them to have better performance. The terms performance assessment, performance appraisal are also used to describe the process (Mwema and Gachunga, 2014).

Performance appraisal is also a good instrument that can be used to improve the quality of an organization's work force performance of which it is considered as an important aspect in human resources management and as part of the control process in administration (Kavussi, 1999). In order for an organization to achieve its objectives, planning of the appraisal process is an important subject that should be undertaken in order to achieve the objectives like work-force development, including promotions and assignments in managerial positions, persuasion and punishment, salary increment, personnel's performance feedback and determining their educational needs.

Therefore, an appraisal can be considered as an important factor in identifying the people's talents and capacities and its results can make them aware of the advancements, plans and goals. An organization, itself, needs to detect the employees' efficiency to improve the manpower's status for the purpose of

increasing the volume of the production and services and making positive changes in its trend (Kavussi, 1999).

Appraising performance is important because it helps to ensure the organizational system to be easily understood by employees and effectively put into action by managers. Appraisal structures that are complex or impractical tend to result in confusion, frustration, and non-use. Likewise, systems that are not specifically relevant to the job may result in waste of time and resources. Indeed, most successful appraisal programs identify and evaluate only the critical behaviors that contribute to job success. Systems that miss those behaviors are often invalid, inaccurate, and result in discrimination based on nonrelated factors.

Performance appraisal should be conducted periodically to evaluate the employees' performance measured against the job's stated or presumed requirements. It is important that members of the organization know exactly what is expected of them, and the yardsticks by which their performance and results will be measured. Mullins (2004) substantiated the necessity of an effective appraisal scheme by saying that it can identify an individual's strengths and weaknesses and indicates how such strengths may best be utilized and weaknesses overcome.

The appraisal system should be formalized especially in supporting decisions on salary and wage increases, transfers, promotions and dismissals, as well as communicating information to appraise through a review of their progress. Results of performance appraisal are used to discuss performance and progress of personnel in relation to goals. Performance strengths are recognized and weaknesses identified so that individual action plans can be developed to make the necessary corrections.

Appraisers should be thoroughly trained in purpose and utilization of the performance appraisal system. The performance appraisal method applied must be sensitive in distinguishing effective performers from ineffective performers the performance appraisal method should be reliable in that different raters using the same method will rate the same employee similarly. The performance appraisal method should be easily understood by both raters and the employees (Fletcher, 2004). This study intends to assess employees' performance evaluation practices for enhancing the effectiveness of an organization: the case of Addis Ababa City Roads Authority.

## **1.2 Statement of the Problem**

Performance appraisal is a formal system of periodic review and evaluation of an individual's job performance. Most organizations throughout the world regardless of whether they are large or small, public or private, service or manufacturing, use performance appraisal, with varying degrees of success, as a tool to achieve a variety of human resource management objectives. Generally, the condition of an organization's being effective or ineffective is mainly dependent on its human resource management in general and employees performance appraisal in particular (Mwema and Gachunga, 2014).

Effective performance evaluation has a great deal of benefits to offer organizations and employees (Gary et al 1996,p.23): 'to provide a defined performance feedback in order to improve employees' performance, to specify training requirements for employees, to set the ground for employees to grow, to depict a close relation between employees' working results and performances and to increase employees' motivation and productivity'.

Ineffective appraisal system can bring many problems including low morale, decreased employee productivity, a lessening of an employee's enthusiasm and support for the organization. Therefore, to avoid these problems organizations

have to use sound performance evaluation system which benefits both employees and organizations, as well as free from bias, personal interest, subjectivity, and nepotism.

However, according to raw data collected from feedback box and questionnaires filled by turnover employees at different times in AACRA's HR directorate department, there are different types of problems associated with employees' performance evaluation. Some of them are lack of communication between raters and rates at appraisal time, subjective evaluation methods, rater's lack of understanding the purpose of performance evaluation.

Many of the previous studies made here at Addis Ababa University had focused on employees' performance management practice and challenges in case of Ethiopian Management Institution (Melat, 2014), A Comparative Study of Employees Performance Appraisal Practices and Problems in Ethiopian Higher Education Institutions: The Case of Addis Ababa University and St. Mary University College (Chemed,2012), Employees' Attitude Towards Performance Appraisal System and Its Components in Bank of Abyssinia (Nigatu,2007). Furthermore, regarding performance evaluation there are no research based evidences about the overall human resource element of the AACRA. Thus, whether the employees' performance evaluation practices in the AACRA are being used for the improvement towards the organizational objectives or not is not well addressed based on evidence. Besides, it is unclear for what purpose the actual evaluation practice is required. Hence, this study is intended to fill these gaps and give feedback about the effect of employees' performance evaluation practices being employed in the AACRA.

## 1.3 Research Questions

In order to find solution for the existing problems, the following basic questions were formulated based on the statement of the problem.

1. What is AACRA's current practice of performance evaluation system?
2. To what extent AACRA's managers and employees understand the purpose of performance appraisal?
3. To what extent managers of AACRA clearly discuss with subordinates about performance appraisal?
4. How far managers of AACRA give appropriate feedback to employees regarding performance appraisal result?
5. To what extent the performance appraisal practices of AACRA fair and objective?

## 1.4 Objectives of the Study

### 1.4.1 General Objective

The main objective of this study is to assess employees' performance evaluation practices in AACRA.

### 1.4.2 Specific Objectives

This study will try to address a number of specific objectives. Some of these are: -

- ❖ To examine the understanding of the purpose of PA among AACRA's managers and employees,
- ❖ To assess the remedial action that has been taken so as to resolve the weakness of employees after performance evaluation,
- ❖ To assess the degree of fairness and objectivity of methods of PA system in AACRA,
- ❖ To examine the provision of feedback for employees concerning performance appraisal result.

- ❖ To identify the relationship between managers and subordinates when performance evaluation is undergone in AACRA,
- ❖ To recommend solutions believed to resolve the pitfalls identified.

## **1.5 Significance of the study**

This study examines the performance evaluation practices of AACRA, identifies its shortcomings and recommends possible solutions to alleviate the problems. It helps the managers of AACRA who are working at different departments and different levels to take corrective measures to improve the PA system for the future. The study also helps potential researchers in provision of information as a secondary data for future in-depth study in similar area. Furthermore, it gives the researcher an opportunity to gain knowledge in contemporary practices of performance appraisal methods and develop research experience. Lastly, it may use as an input for new organizations that are interested in designing and implementing a performance evaluation system.

## **1.6 Scope of the Study**

This study is limited to the assessment of permanent employees' performance evaluation practices in Addis Ababa City Roads Authority.

## **1.7 Limitations of the Study**

The major limitation encountered while conducting the study include:-

- ❖ Lack of well organized documents for secondary data in the AACRA,
- ❖ Lack of willingness from some respondents to provide genuine information and fill the questionnaire appropriately and return it on time,
- ❖ Lack of sufficient time and resources.

## 1.8 Organization of the Paper

This research work organized in five chapters. The first chapter contained introduction, statement of the research problems, objectives of the research, research questions, significance of the study, scope, limitation of the study, and structure of the research.

The second chapter provided review of available literatures in the area of performance appraisal; definition and concept of performance appraisal, uses of performance appraisal, performance appraisal criteria, step in developing a performance appraisal system, performance appraisal process, method of performance appraisal, effective performance appraisal system, factor affecting performance appraisal, implementation of successful performance appraisal method, empirical literature and conceptual framework.

The third chapter provides an overview of the research methodology used to investigate the research problem. It presents research design, population; sampling techniques and sample size, source of data, data collection techniques, method of data analysis and ethical consideration.

The fourth chapter concerned with analysis, presentation and interpretation of research results.

Finally, the fifth chapter provided discussion of the results as presented in the preceding chapter by putting the research objective and topic into spotlight. It has offered an overall review of what the research has achieved. Recommendation and conclusion also part of this chapter.

## **CHAPTER TWO: LITERATURE REVIEW**

This chapter deals with review of different related literatures. Topics such as definition and concept of performance appraisal, uses of performance appraisal, performance appraisal criteria, step in developing a performance appraisal system, performance appraisal process, method of performance appraisal, effective performance appraisal system, factor affecting performance appraisal, implementation of successful performance appraisal method, empirical literature and conceptual framework are discussed briefly below.

### **2.1 Definition and Concept of Performance Appraisal**

Performance Appraisal is defined by different scholars of human resource management in different times. Therefore, some of those scholars have been discussed as follows:

Performance appraisal is the process of formally evaluating work performance, making decisions on the effective utilization of resources, rewarding and motivating of staff, rectifying substandard performance and providing feedback to individual employees (Swanepoel, 2010). Performance appraisal is considered as a managerial tool for facilitating administrative decision related to human resource. In other words, the outcomes of performance appraisal should be directed towards the benefit of the organization and individual employee.

It is always important for managers and supervisors to get the best performance from their workforce in terms of levels of production and quality of output (Foot and Hook, 2005). In order to achieve this, certain systems or programs such as performance appraisal need to be put in place. The success or failure of performance appraisal programs depends on the philosophy underlying it, its connection with business goal, and the attributes and skills of those responsible for its administration. According to Dessler (2005), performance appraisal means

evaluating employee's current and or past performance relative to his or her performance standards. That is employees will be assessed after a given period of time what they have been able to achieve by a target set. This will also help supervisors to know how well their subordinates are performing on their jobs.

Hodgetts and Kroeck (1992), hold the view that performance appraisal is the systematic observation, evaluation and description of work-related behavior. By this, an employee is observed from time to time by critically considering what knowledge, ability and skills he/she uses to accomplish the task.

According to Foot and Hook (2005), performance appraisal regularly records an assessment of an employee's performance, potential and developmental needs. This also means that appraisal is an opportunity to take an overall view of work contents, loads and volumes, to look back on what has been achieved during the reporting period and agreed objectives for the next. This definition clearly shows that in appraising employee performance the employee does get feedback about his or her past performance but indicates that in performance appraisal there is the opportunity to assess various aspects of an employee's work performance by looking back at how they have performed in the past and then by looking forward to agree on future objectives or workload.

Armstrong (2006) describes the role of the performance appraisal as a tool for looking forward to what need to be done by people in the organization in order to achieve the purpose of the job to meet new challenges. Once tasks are assigned to employees in the organization, the management of the organization is supposed to make sure that the tasks are performed as planned accordingly. This could be achieved through performance appraisal. Hence, performance appraisal is a formal system of periodic review and evaluation of an individuals' job performance.

Yong (1996) defines performance appraisal as 'an evaluation and grading exercise undertaken by an organization on all its employees either periodically or annually,

on the outcomes of performance based on the job content, job requirement and personal behavior in the position.’

The above definitions depicted that performance appraisal is a formal and systematic process of evaluating employees’ performance against predetermined criteria; provision of feedback and planning for future improvement on the basis of performance result.

Generally, performance appraisal serves in almost all human resource management processes such as: performance improvement, placement decisions, training and development needs, compensation adjustments, equal employment opportunity, and so on.

## **2.2 Uses of Performance Appraisal**

Human Resource Management uses Performance Appraisal for the overall development of an employee, which includes identifying and culling out potential of a person, maintains satisfactory level of performance, indicating level of desired performance level and actual performance and also gap between these two. The main aim of the performance appraisal is to have proper understanding of the subordinates by the superior. Providing feedback to the employees is one of the main justifications in performance appraisal system. Its objective also includes to provide deficiency in the employee regarding skill set and knowledge and to determine appropriate training and development to fill the deficiency.

According to Mondy, Noe and Premeaux (1999) the uses of performance appraisal data are potentially valuable for use in virtually every human resource functional areas such as: ‘Human Resource Planning, Recruitment and selection, Training and development, Career planning and development, Compensation programs, Internal employee relation and Assessment of employee potential’. The researcher believed that in addition to the above HRM functions, performance appraisal data

are used for administrative decisions like to give employees feedback on performance, to identify the employees' developmental needs to make promotion and reward decisions, to make demotion and termination decisions and to develop information about the organizations selection and placement decisions.

As Kemal (2015) cited Byars and Rue (1997) the use of performance appraisal is to encourage performance improvement. In this regard performance appraisals are used as a means of communicating to employees how they are doing and suggesting needed changes in behavior, attitude, skills or knowledge.

According to AACRA's collective agreement article 31 sub articles 6, the benefits of appraising its employees are 'to effectively discharge their duties in accordance with expected level of quality, standard and time, identify their strengths and weaknesses in order to take corrective action, improve their performances and develop self-initiative, for promotion, annual salary increment, training, and demotion purposes'.

Performance evaluation serves for different purposes in organizations. Management uses evaluation for general human resource decisions such as promotions, transfer, terminations, identify training and development needs, pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. An effective performance appraisal system will help to achieve all the ends and more by providing a solid foundation for all aspects of the employer/employee relationship. Such a system can help: providing feedback to employees about their performance, determining who gets promoted, facilitating layoff or downsizing decisions, encouraging performance improvement, motivating superior performance, setting and measuring goals, counseling poor performers, determining compensation changes, encouraging coaching and mentoring, supporting man power planning or succession planning, determining individual training and developmental needs, providing legal

defensibility for personnel decisions and improving overall organizational performance, (Grote, 1996).

## 2.3 Performance Appraisal Criteria

Performance appraisal assesses three basic categories of employee, traits, behaviors and results (Grobler, 2011):

1. **Trait-based behavior:** Focuses on the personal characteristics of the employee (example, loyalty, dependability, creativity and communication skills). Here, the focus is on what a person is and not what he or she does or accomplishes on that job. However, trait appraisals are often not valid as performance measures because they tend to be ambiguous as well as highly subjective.
2. **Behavior-based criteria:** Although subjective, this approach focuses more on observable aspects of performance. They are developed in response to the problems of trait appraisals. These scales focus on specific, prescribed behaviors that can help to ensure that all parties understand what the ratings are really measuring. Because they are less ambiguous. They also help to provide useful feedback. These are concerned with specific behaviors that lead to job success. For example, instead of ranking leadership ability (a trait), the rater is asked to assess whether an employee exhibits certain behaviors (example, works well with co-workers; (Grobler, 2011).
3. **Results or outcome based criteria:** These tend to be more objective and can focus on production data, such as sales volumes, units produced or profits. Results based outcomes focus on what was accomplished or produced rather than how it was accomplished or produced. One approach to results appraisals, management by objectives (MBO), involves a subordinate and a supervisor agreeing in advance on specific performance goals. It is important to note that this type of criterion is

not appropriate for every job and it is often criticized for missing important aspects of the job, such as quality.

Cascio (2011) asserts that ‘proper performance Appraisal must do these three things: set goals, decide how to measure performance and provide regular assessments of progresses’. He argues that if an organization intends to encourage its employee to greater quality performance, it is important to provide a sufficient number of rewards that employees’ value in a timely fashion and fair manner. He emphasized that companies should not offer rewards that employees are not concerned about.

## 2.4 Steps in Developing a Performance Appraisal System

The specific steps followed in developing a PA system will vary somewhat from organization to organization. Nonetheless, the general guidelines discussed here will be followed by most employers when developing an appraisal system (Grobler, 2011):

1. **Determine performance requirements:** In the first step of the process, administrators must determine what skills, outputs and accomplishments will be evaluated during each appraisal. These may be derived from specific job descriptions or they may be a uniform set of employee requirements included in all PAs. Policy-makers must determine exactly what areas of performance are going to be reviewed and how these areas are related to the organization’s strategic goals.
2. **Choose an appropriate appraisal method:** Several methods may be used to appraise performance and no single method is best for all organizations. The manner in which a supervisor conducts PA’s is strongly determined by the method. Within an organization, different appraisal methods may be used for different groups, such as production, sales and administrative employees.

3. **Train supervisors:** A critical step in the PA process is training supervisors (or other raters) to make sure that they prepare fair and accurate appraisals and effectively communicate the evaluation to the employees. Unfair ratings may result in charges of discrimination, loss of employee morale and productivity or inaccurate appraisals, which lead to poor compensation or staffing decisions.
4. **Discuss methods with employees:** Prior to appraisal interviews, supervisors should discuss with employees the method that will be used. This discussion should specify which areas of performance will be evaluated, how often, how the evaluation takes place and its significance to the employees. The use of appraisals varies greatly; some organizations tie pay and promotion directly to the PA, whereas others conduct appraisals only in a perfunctory manner to meet some broad goals or policies.
5. **Appraise according to job standards:** PA's should evaluate the employees' work according to predetermined work requirements. Comparison with specific requirements indicates what employees have or have not done well. The supervisor's feelings about the employee should not affect the appraisal. Feelings cannot be evaluated; they are only mental constructs and may be biased. By discussing employees' observed and documented behavior, the supervisor focuses the appraisal on concrete and actual performance of the employee.
6. **Discuss appraisal with employees:** In some organizations, appraisal discussions are omitted whenever specific evaluative objectives for merit raises or promotions have been met. The general trend, however, is to make sure that the supervisor discusses the appraisal with their employees, allowing employees to discuss areas of agreement and disagreement. The supervisor should emphasize positive work performance those areas in which the employee has met or exceeded expectations as well as areas that need improvement.

7. **Determine future performance goals:** A critical aspect of PA is the use of goal setting. How specifically or rigidly these goals are to be pursued is determined by the appraisal method used. Even if goals are only broadly discussed, setting goals for the employees' future appraisal period is critical because it gives the employees direction for continued or improved performance. When leaving the appraisal discussion, an employee is more likely to feel comfortable knowing how past performance has been viewed and what needs to be accomplished to meet future expectations.

## 2.5 Performance appraisal process

Robbins (1982) has identified six steps that need to be followed when using an appraisal system. These steps are:

1. **Established performance standard:**

The first step in the process is the setting up of the standards to be used as the base to compare the actual performance of the employees. Performance standards provide the employee with specific performance expectations for each major duty. They are observable behaviors and actions which explain how the job is to be done plus the results that are expected for satisfactory job performance. This should be in accordance with the organization's strategic goals.

2. **Communicate performance expectation:**

In the second step communicating performance standard to the employee is very essential. The employee should be informed and the standard should be clearly explained to the employee. This helps the employee to understand his/her role and to know what exactly is expected of him. Blank and Slipp (1994), also share similar view that when conducting performance appraisal, supervisors should clearly convey work expectations and make sure that employees understand these expectations.

This can be accomplished by incorporating equal performance standards for all employees.

**3. Measure actual performance:**

The third step in the process is measuring the actual performance of employee. Measuring actual performance is to find the worth of employee performance of a task after a given period. To determine what actual performance is, it is necessary to acquire information about it. Four common sources of information are available to managers or supervisors with which they use to measure actual performance: personal observation, statistical reports, oral reports and written reports, (De Cenzo, 1996). Measurement of actual performance should be done through the criterion set down. Any attempt to measure actual performance using different criteria will not yield the desired result.

**4. Compare actual performance with standards:**

After measuring actual performance it is then compared with the performance standard set in step four. At this stage, the deviations between standard performance and actual performance are noted. This will include recalling, evaluating analysis of data recorded of the actual performance.

**5. Discuss result with employee:**

Having identified deviation between actual performance and standards set, the fifth process is to discuss results with employees. The result of the appraisal is communicated and discussed with the employee on one-to-one basis. The result, the problem and possible solutions are discussed with the aim of problem solving and reaching consensus. Feedback should be given with a positive attitude as this can have an effect on the employee future performance. The purpose of the meeting should be to solve problems faced and motivate the employees to perform better.

## 6. **Initiate corrective action if necessary:**

The final step in the process is decision making. Decisions are taken either to improve the performance of the employee, take the required corrective actions, or the related human resource decision like rewards, promotions, demotions, transfers etc.

## 2.6 **Methods of performance evaluation**

There are numerous methods to measure employee's performance, (Bohlander and Snell, 2004). With the evolution and development of the appraisal system, a number of methods or techniques of performance appraisal have been adopted. The most prominent among them are Traditional methods and Modern methods. Traditional methods emphasize on the rating of the individual's personality traits, such as initiative, potentiality, integrity, creativity etc. and on the other hand modern methods enhances mainly on job achievements than personal traits. Under traditional method, there are many in types and very important and still adopting by many organizations are as follows:

### 1. **Traditional methods**

- a. **Graphic Rating Scale:** It compares individual performance to an absolute standard. This is the oldest and widely used technique. The appraisers were supplied with forms. The forms contain a number of objectives, behavior, trait based qualities etc.
- b. **Ranking method:** Under this method the employees are ranked from best to worst on some characteristics. The rater first finds the employee with the highest performance and the employees with the lowest performance in that particular job category and rates the former the best and later the poorest.

- c. **Paired comparison method:** This method is relatively simple under this method the appraiser ranks the employees with all the other employees in the group, one at time.
- d. **Checklist method:** The checklist is a simple rating technique in which the supervisor is given a list of statement or words and asked to check statement representing the characteristics and performance of each employee.
- e. **Critical Incident Method:** Employees are rated once in a year or six months under the earlier methods. In this, supervisor takes notes of employee say incidents which influence the Employee performance or behavior.

## 2. Modern Methods

- a. **Behaviorally Anchored Rating Scale:** It is a combination of Traditional rating scales and critical incident method. Using BARS, job behaviors from critical incident method are described more objectively. The method employs individuals who are familiar with a particular job to identify its major components. They then rank specific behavior of each respondent.
- b. **Assessment centre:** It is assessing several individuals by various experts by using various techniques. This technique includes role play, case studies, transactional analysis etc.
- c. **Management by Objectives:** MBO is a process whereby the superior and subordinate manager of an organization jointly set its common goals. It clearly defines individuals major areas of responsibility in terms of results expected of him and use these measures of guides for operating the unit and assessing the contribution of its members. Thus, MBO focuses attention on participative set goals that are tangible, verifiable and measurable. The emphasis is on what must be accomplished rather than how it is to be accomplished.

- d. **Behaviors Observation Scales (BOS):** The appraiser, under this method, measures how frequently each of the behavior has been observed. Appraiser plays the role of observer rather than a judge and provides the feedback to the appraisee continuously.
- e. **360 Degree:** It is a popular performance appraisal technique that involves evaluation input from multiple levels within the firm as well as external sources. 360 Degree feedback relies on the input of an employee's superior, colleagues, subordinates, sometimes customers, suppliers and/or spouses. It provides people with information about the effect of their action on others in the workplace. It provides a notion of behavioral change that might be elicited through a process of enhanced self-awareness.

## 2.7 Effective performance appraisal system

The effective functioning of any performance appraisal system depends, on establishing realistic performance standards for each position in the organization. It is important to recognize that the effectiveness of any appraisal effort depends upon and appropriate mutual interaction among techniques, human appraisers and organizational objectives. If an organization utilizes appraisal techniques that provided no feedback to a subordinate while the objective is to improve performance, the effort put into it will fail. Conversely, a firm that has developed its appraisal techniques that is highly appropriate for providing feedback to its members is very likely to achieve results.

The fact that managers frequently encounter problems with performance appraisal should not encourage organizations to give up the concept. There are many things that need to be done to make appraisals more effective (De Cenzo, 1996).

## 1. Requirements for effective appraisal system

Cascio (1992) has outlined some requirements for effective appraisal system as follows: -

- a. **Relevance:** this implies that there are clear links between performance standards for a particular job and an organization's goal. There are also clear links between the critical job elements identified through a job analysis and the dimensions to be rated on an appraisal forms.
- b. **Sensitivity:** this requirement demands that performance appraisal system is capable of distinguishing effective from ineffective performers. If it is not, and the best employees are rated no differently from the worst employees, then the appraisal system cannot be used for any administrative purpose.
- c. **Reliability:** the third requirement of sound appraisal system is reliability. This implies there should be consistency in judgment. For any given employee, appraisal made by raters working independently of one another should agree closely. To provide reliable data, each rater must have an adequate opportunity to observe what the employee has done and the conditions under which he or she has done it, otherwise, unreliability may be confused with reliability.
- d. **Acceptability:** in practice, acceptability is the most important of all the requirements. Cascio (1996), stressed that every human resource program must have the support of those who will use them or else human ingenuity will be used to thwart them.
- e. **Practicability:** this last requirement implies that appraisal instruments should be very easy for managers and employees to understand and to use. If it is not done this way, its practicality cannot be guaranteed.

## **2. Training of Appraisers**

Training is a means of supplementing an employee's academic education and to equip him/her with qualities to enable him/her undertake an assignment at a higher level. Training must always aim at addressing actual rather than imagined. Latham and Wexley (1981) suggest that 'people who evaluate employees should be trained to minimize rating errors'.

To Bernadrin et al (1993), separate training sessions should be held for at least three groups: raters, ratees, and decision makers. The writers continued to say that training should focus on clarification of the information provided in the manuals, for raters and ratees and should 'sell' the benefits of the program to all system users including top management. The training should cover interviewing techniques, performance coaching and mentoring, counseling, documentation and conducting formal appraisals. Going through these could help improve the effectiveness of appraisals. In developing an effective performance appraisal system, managers and supervisors should understand the most effective technique of appraising employees. It is important to provide appraisers with all the relevant documentation and to hold frequent consultations with appraisers to ensure consistent implementation of the appraisal policy.

## **3. Appraisal feedback to employees**

Giving individuals feedback on how well employees are doing in their jobs is held to meet a variety of needs; from organizations point of view, it assists effective learning so that tasks are completed correctly and helps maintain and stimulate effort towards specified goals; from the individual's viewpoint, feedback can satisfy any personal need for information on progress and facilitate social comparison with others, Larson (1984). Locke and Latham (1990) also intimated that provision of performance feedback is a necessary condition for goals to have their full effect. The annual review, where the manger shares the employees' evaluations with them, can become a problem. The annual review is additionally

troublesome if the manager “save up” performance-related information and unloads it during the appraisal review, (De Cenzo and Robbins, 1996).

#### **4. Motivation**

In spite of the fact that organizations strive to improve its performance by assessing its employees from time to time, it is also important that they try to motivate their employees in order that their employees improve upon their performance. Motivation may be seen as the level of desire of an individual to behave in a certain manner at a certain time. In general, people’s behaviors are determined by what motivates them. Their performance is a product of both ability level and motivation (Mullins, 1996). Other writers also suggest that the level of performance is attained by three independent factors: ability, motivation and resources. This statement presumes that when employees are well resourced they will be motivated to achieve their targets.

Studies have shown that if appropriate goals are set for individuals and groups, and in a manner which is acceptable to those concerned, higher levels of motivation and performance are likely to be achieved. Appropriate goals have been found to direct attention and action, mobilize effort, increase task persistent, and motivate the search for appropriate performance. Commitment to goals can be increased if employees participate in the goal setting process (Locke and Latham, Cooper et al, 1992). ‘It is vital for supervisors to understand how things wish for fair treatment relates to workers motivation. In evaluating performance appraisal all workers should be treated fairly devoid of biases as this will ensure the success of the appraisal program’.

Mathis (2004), indicated that there is a link between reward employee receives and performance appraisal.

This implies that when employees achieve their targets or increase their outputs, they need to be rewarded and this motivates them to continue to work harder. The

writer further stated that if any part of the appraisal process fails, the better performing employees do not receive larger pay increase, resulting in perceived inequality in compensation. A research by Bannister and Balkin (1990) has also reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it when the process is directly linked to rewards.

## 2.8 Factors which affect the effectiveness of performance appraisal

There are many possible sources of error in the performance appraisal process. One of the major sources is mistake made by the rater. Although, complete elimination of these errors is impossible, making raters aware of them through training is helpful (Mathis, 2004). Many writers who hold similar view have written on the possible factors that can distort the effectiveness of performance appraisal. De Cenzo and Robbins (1996) have identified some of these factors as follows:

1. **Attractiveness effect:** the well documented tendencies for people to assume that people who are physically attractive are also superior performers.
2. **Attribution bias:** the tendency to attribute performance failings to factors under the control of the individual and performance successes to external causes.
3. **Central tendency:** the inclination to rate people in the middle of the scale even when their performance clearly warrants a substantially higher or lower rating out of an erroneous belief that the law required companies to treat all employees the same, and a conscious desire to avoid confrontation.
4. **First impression error:** the tendency of a manager to make an initial positive or negative judgment of an employee and allow that first impression to color or distort later information.
5. **Halo/horns effect:** inappropriate generalizations from one aspect of an individual's performance to all areas of that person's performance.

6. **High potential error:** confusing an individual's future potential with his current performance.
7. **Negative and positive skew:** This is the opposite of central tendency. The rating of all individuals as higher as or lower than their performance actually warrants.
8. **Past performance error:** permitting an individual's poor (or excellent) performance in a previous rating period to color the managers judgment about his/her performance in this rating period.
9. **Recency effect:** the tendency for minor events that have happened recently to have more influence on the rating than major events of many months ago.
10. **Similar-to-me effect:** the tendency of individuals to rate people who resemble themselves higher than they rate others.
11. **Stereotyping:** the tendency to generalize across groups and ignore individual differences.

## 2.9 Implementation of successful performance appraisal methods

According to Rafikul and Shuib (2005), to evaluate performance of the employees in the organization successfully, the supervisors should use the following criteria appropriately. These are:

1. **Employee participation:** In any case, if the employees perceive the appraisal system as biased, unfair and lacks rigor, then it is unlikely that they will accept the outcomes of the system. Participation gives an opportunity to the employees to raise their voice into the appraisal process. Performance standards, criteria for evaluation and the evaluation form itself all can be developed with the help of employees. Greater employee participation generates an atmosphere of cooperation and support, which facilitates the development of a coaching or counseling relationship, thereby reducing appraisal related tension and rater-ratee

conflict (Jordan, 1992). Somerick (1993) suggested the importance of having a dialogue session between the manager and the employees. Concerning the appraisal system, if any problem occurs, that can be discussed in the dialogue session immediately not months later when the employee's performance has been rated and documented in his/her personal file.

- 2. Developing performance standards:** These are standards to be developed to measure the essential job duties and responsibilities. Once again, employee participation facilitates developing reliable, valid, fair and useful performance standards.
- 3. Goal setting:** Goal setting has been powerful motivational tool. Majority of goal setting research has been carried out in non-appraisal settings. Goal setting consists of performance goals that are specific, moderately challenging and accepted. Goal setting within performance appraisal has been associated with greater appraisal satisfaction and increased performance (Dobbins et al., 1990).
- 4. Sound performance appraisal interview:** If the appraisal interview is conducted poorly, the efficacy of the appraisal system is lost. The interviewer must be aware about sensitivity to employee needs for privacy and confidentiality. It is of utmost importance to provide undivided attention during the interview and reserve adequate time for a full discussion of the issues (Roberts, 1994).
- 5. Self-evaluation:** Self-evaluation provides employees an opportunity to systematically assess their performance. Employees can evaluate themselves by completing their own appraisal form and presenting the draft for discussion with the evaluator. McCarthy (2000), comments that employees who have an opportunity to assess their own performance often come up with creative solutions that would not have surfaced in the one-sided managerial evaluation.

**6. Management feedback:** Management's feedback is required for a common sense reason. When the employees do good jobs, they expect a positive feedback; on the other hand, if the poor performers do not receive any constructive feedback to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve (Camardella, 2003).

Feedback is essential in gaining the maximum benefits from goal setting. Without feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior. Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source. Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance. In the feedback, what the employee is doing right should be emphasized. Focus also should be paid on employee's strength. It is important to provide a short list of areas where the employee needs to improve, highlighting the most important ones to be improved first.

**7. Develop user friendly procedure:** Performance criteria and rating procedure should be simple enough and they should be well understood by the raters and ratees. Performance criteria should encompass the key aspects of employee's job.

**8. Design specific and relevant appraisals:** Sometimes employees complain on appraisal system by saying "Our Company uses the same appraisal for all positions. I feel that the things I am measured on do not have much to do with what I do from day to day" (McCarthy, 2000). Appraisal system will be successful only when the items appraised address the requirements and essential functions on the job. The criteria used should be specific and directly related to the job.

**9. Evaluator training:** The person who conducts the appraisal exercise should receive extensive training in goal setting, setting performance standards, conducting interviews, providing feedback, avoiding rating biases, etc. He/she

should know how to conduct appraisals accurately, consistently, fairly and objectively.

- 10. Revise performance appraisal process:** It is important to systematically and regularly review system operations to make sure that process and practices are being followed and effective. Examples of measures that can be used to assess the health of your appraisal system include employee acceptance and trust of the appraisal system.

## 2.10 Empirical Literature

Several studies have been carried out on performance appraisal practices in different organizations. For instance, Eniye (2007) expressed in her findings that employees are not clear about the purpose of performance appraisal and the timing of performance appraisal. The researcher suggested that conducting clear and timely performance appraisal is important for employees planning, how they are going to achieve their objectives, and then obtaining feedback data themselves. The rapid development of management information systems in recent years has increased the capacity to provide quantitative and timely feedback. The researcher also indicated that since performance appraisal systems will allow communicating strategies, goals and vision, employees should experience higher levels of commitment to organizational goals and, therefore, become more affectively committed to their organization.

The research findings conducted by Chemedda (2012) show that the management's contribution for employees' job performance is low; this is mainly associated with absence of identified mentors and coaches, low gap filling roles of performance managers and absence of autonomy in doing jobs enterprises and finally, performance planning is much weaker in the public enterprise in comparison to the privatized.

In other words, performance appraisal system has many or multidimensional problems in the context of Ethiopian institutions; there is no written policy about the performance appraisal system and the objective of performance appraisal and there is no standard set to which the performance appraisal result is to be compared with it. Again there is no training given for both appraisers and appraisees about how to conduct performance appraisal and its objective (Eniye, 2007; Chemedda, 2012).

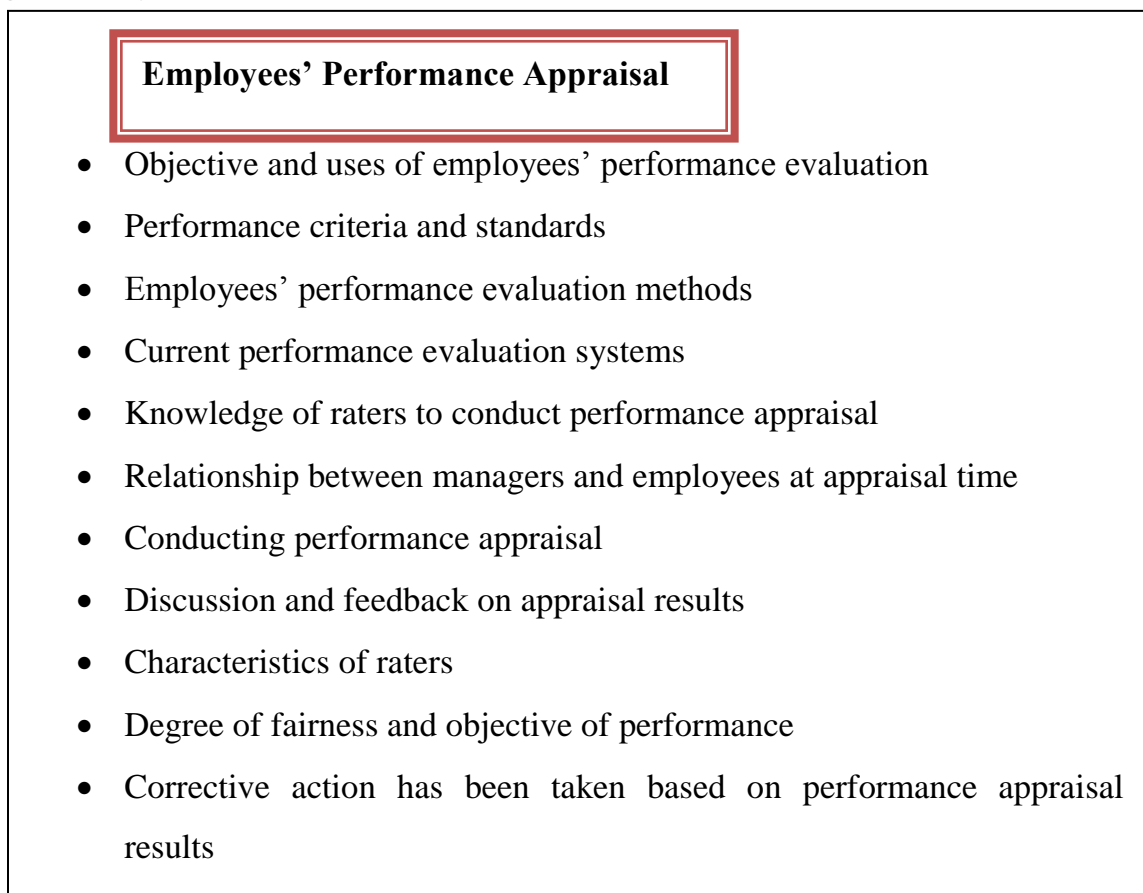
The researcher of this study explained that employee performance appraisal enables person to identify, evaluate and develop an individual's performance. It is a tool to encourage strong performers to maintain their high level of performance and to motivate poor performance to do better. The outcomes of performance appraisal can lead to better organizational performance such as profits, increase in productivity, service quality, customer satisfaction, development of products/services and future investments.

In Ethiopian context, most employees of public institutions less believe in the existence of performance appraisal than those of private ones (Chemedda, 2012). He also suggests that the performance appraisal process that doesn't meet the organizations and employees goal is a waste of time. The researcher stated that every organization in Ethiopia is guided by the rules and regulations of the federal and state agencies and employees should share knowledge, information and have good team work spirits. The researcher also emphasized that most employees are not satisfied due to poor performance appraisal systems in every Ethiopian organization in both public and private institutions. It is because the employees were not equally measured with uniform standards. If an appraisal within a company is carried out without any rules, transparency, and prospect of things linked to it, it might cause severe troubles not only damaging the climate at workplace but also decrease productivity.

## 2.11 Conceptual Framework

Based on the literature review, the researcher has developed conceptual which served as a guide in designing data collection tools, analysis and presentation of findings. It consists of objective and uses of employees' performance evaluation, performance criteria and standards, employees' performance evaluation methods, current performance evaluation systems, knowledge of raters to conduct performance appraisal, relationship between managers and employees at appraisal time, conducting performance appraisal, discussion and feedback on appraisal results, characteristics of raters, degree of fairness and objective of performance and corrective action has been taken based on performance appraisal results.

**Fig 1: Analytical framework**



Source: adopted from reviewed literatures

## **CHAPTER THREE: RESEARCH METHODOLOGY**

This chapter provides an overview of the research methodology used to investigate the research problem. It presents research design, population; sampling techniques and sample size, source of data, data collection techniques, method of data analysis and ethical consideration.

### **3.1. Research Design**

Research design is the inquiry and the strategy for collecting, and analyzing the evidences as well as reporting the findings. It is the plan and procedure for research that span the decision from broad assumption to detailed methods of data collection and analysis.

According to Kothari (2004) research design is the plan to conduct the research. It outlines how an investigation will take place, how data is collected, what instruments will be employed, how the instruments will be used and how the collected data will be analyzed. Accordingly, this research employed both qualitative and quantitative research design to collect relevant data for the study. The purpose of this research is to study the employees' performance evaluation practices in Addis Ababa City Roads Authority focusing on permanent employees.

### **3.2 Population, Sampling Techniques and Sample size**

The target population for this study is permanent employees of AACRA. According to AACRA's HRM report on October 10, 2016 there are 1102 permanent employees in excluding Employees who are working less than one year in Addis Ababa City Roads Authority in different departments at different positions. Since it is difficult to address and discuss research problem within the research population, it is important to handle it by choosing a smaller and more manageable number of people/sample.

Sampling is the way of choosing manageable number of people in the study process so as to generalize the result to the whole of research population. Accordingly, this study employed simple random sampling technique. This method is used to give equal chance to the population to make sure the representativeness of the data.

To determine sample size for the study, Carvalho’s (1984) formula (Cited by Zelalem, 2005) was used. Hence, in table 3.1 the population for the study is categorized in the **fifth row** and the samples to be used as lowest (32), medium (80), and highest (125). In order to be representative in this study **the highest sample size (125 employees)** was selected.

**Table 3.1: Sample size Determination**

Population size	Sample size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
<b>501-1200</b>	<b>32</b>	<b>80</b>	<b><u>125</u></b>
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Source: Carvalho (1984), Archival application of mathematical sampling techniques

After sample size needed for the study has been determined by applying Carvalho’s (1984) formula, the number of sample drawn from different departments has been calculated in order to make selection proportional from each department. As it has been shown on next page table 3.2, the employees who are

working in different departments and sample that drawn from each department are presented clear.

**Table 3.2: Population and Sample from various Departments**

<b>Departments</b>	<b>Number of Employees</b>	<b>Sample size</b>
Top management office	5	$(5/1102)*125=1$
Road design directorate	47	5
Road construction directorate	176	20
Contract administration directorate	7	1
Road assets record, study and maintenance directorate	16	2
Road assets management directorate	15	2
Machineries & vehicles administration directorate	362	41
Construction materials supplier directorate	77	9
Cobble stone products supplier directorate	24	3
Procurement and property administration directorate	229	26
Finance administration directorate	37	4
Human Resource administration Directorate	38	4
Communication affairs directorate	8	1
Internal audit directorate	7	1
Legal service directorate	5	1
Planning, budgeting and strategic management directorate	11	1
Laboratory and quality confirmation directorate	30	3
Condominiums housing infrastructure development directorate	8	1
<b>Total</b>	<b>1102</b>	<b>125</b>

**Source: AACRA's HRM report on October 10, 2016**

Currently, Addis Ababa City Roads Authority is in restructuring of its existence structure in new ways. Since new structure of AACRA is not completed when this study was conducted, as shown in the above table 3.2 researcher employed the existing structure/departments for his study.

### **3.3 Source of Data**

The data for the study were collected from primary and secondary sources. The primary data were collected through questionnaires from directorates, team leaders/project managers and employees of AACRA about employees' performance evaluation method. The secondary data were collected from relevant materials such as reports, employees' files, and collective agreement.

### **3.4 Data collection techniques**

In order to obtain relevant and adequate information the researcher used questionnaire and interview as instruments of data collection. The designed questionnaires were distributed to the managers and employees of AACRA.

But managers and employees who are working less than one year in AACRA are not included in the study. Therefore, since general director, deputy general directors and directorate of human resource administration newly assigned from other organizations they are not included in the study. Hence, interview was held with two senior human resource officers because employees' performance evaluation is function of HRM, believing that they have deep and relevant information about the issues.

The questionnaire consists two sections. Section-I contains respondents' information like sex, age, level of education, positions, length of service years in AACRA. In section-II, five point Likert scale that range from strongly agree to strongly disagree were used to gather employees' opinion on Performance Appraisal practices in AACRA.

### **3.5 Methods of Data Analysis**

The collected data through different instruments were logically presented in the form of tables and the results were analyzed through descriptive statistics. That is quantitative data which drawn from close ended questions were analyzed by using percentage and frequency. Also the results were presented in generalized form. The qualitative data drawn from interview questions were quoted, and analyzed narratively with related to idea in the closed ended questions. Based on the analysis and interpretation of the study, summary of major finding, conclusion and recommendations were forwarded.

### **3.6 Ethical consideration**

The researcher has a responsibility to care of all possible ethical issues that might arise during the study, such as obtaining the consent of the participants for the necessary data and the respondents were understood of the purposes of the study through the instruction given on the cover page of the questionnaires and briefly was discussed. In this study respondents were not influenced to change their responses in favor of the researcher.

# CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

## 4.1 Introduction

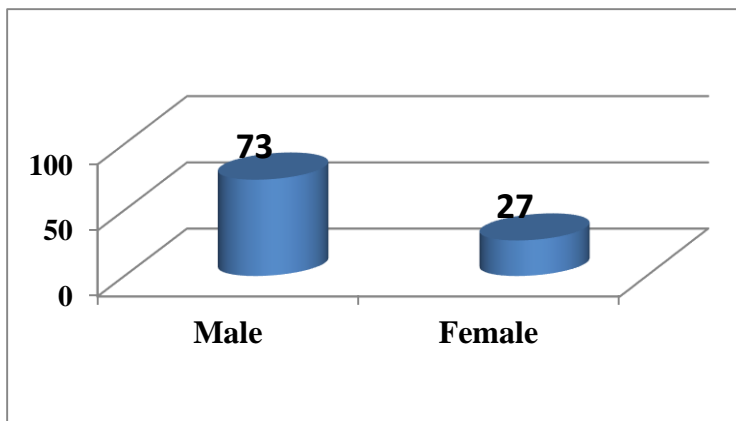
The analysis of this chapter consists of two parts. The first part is the profiles of the respondents and the second part deals with the presentation, analysis and interpretation of findings.

## 4.2 Presentation of the profiles of respondents

As it was explained in research design /in chapter three/ the sample size of the subjects that were included in the study were 125 permanent employees. Accordingly, 125 questionnaires were distributed to these samples that were drawn in simple random sampling techniques and 122 were responded and returned back.

In this part, the personal information of the participant employees of understudy is presented for analysis. The profiles of these respondents are described in terms of gender, age, educational background, work position and work experience. Hereunder the following figures provide the general demographic distribution of respondents.

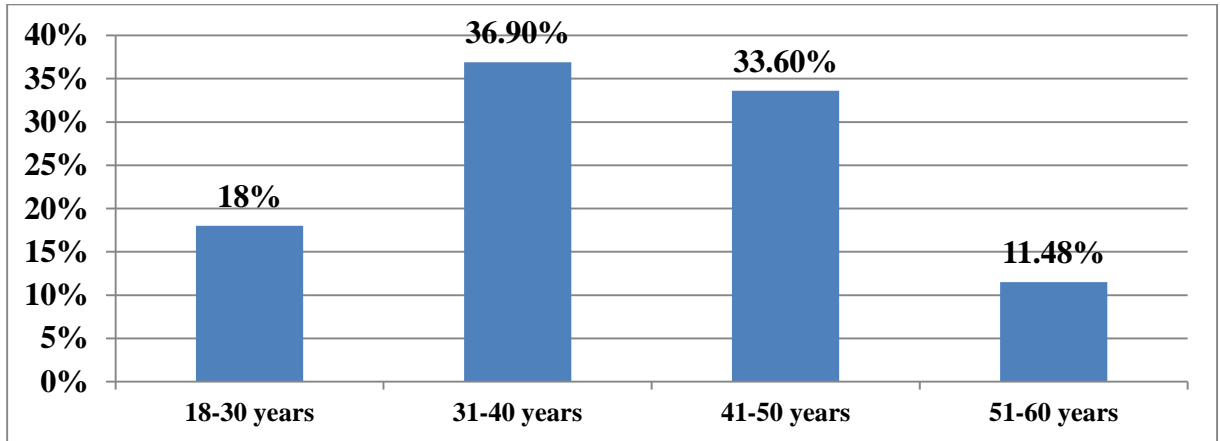
**Figure 1: Distribution of Respondents by gender**



Source: own survey 2017

As it is shown in figure 1, the gender distribution of participants indicated that the lower number of female respondents is 33 (27%) and the higher number of male is 89 (73%).

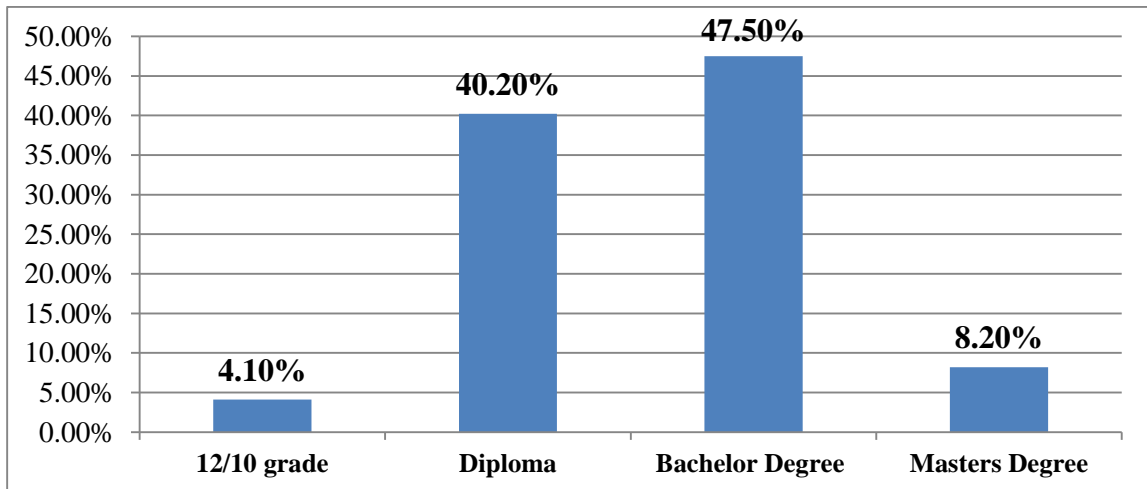
**Figure 2: Age of Respondents**



Source: own survey 2017

In terms of age distribution large number of the respondents 45(36.90%) and 41(33.60%) were from 31 to 40 years and from 41 to 50 years old, respectively. Small number of them 22(18%) were from 18 to 30 years of age and 14(11.48%) were from 51 to 60 years old.

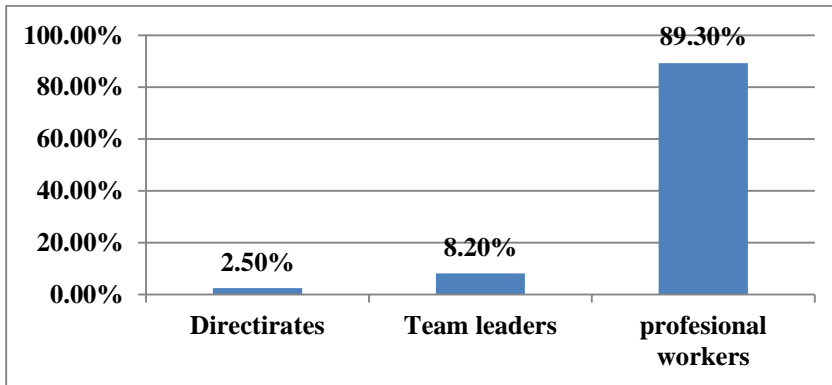
**Figure 3: Respondents' Level of Education**



Source: own survey 2017

Regarding level of education 58(47.5%) of the respondents were first degree holders while 49(40.2%) of them have diploma; the least number of respondents 10(8.2%) are a masters degree holders and 5(4.1%) are high school level.

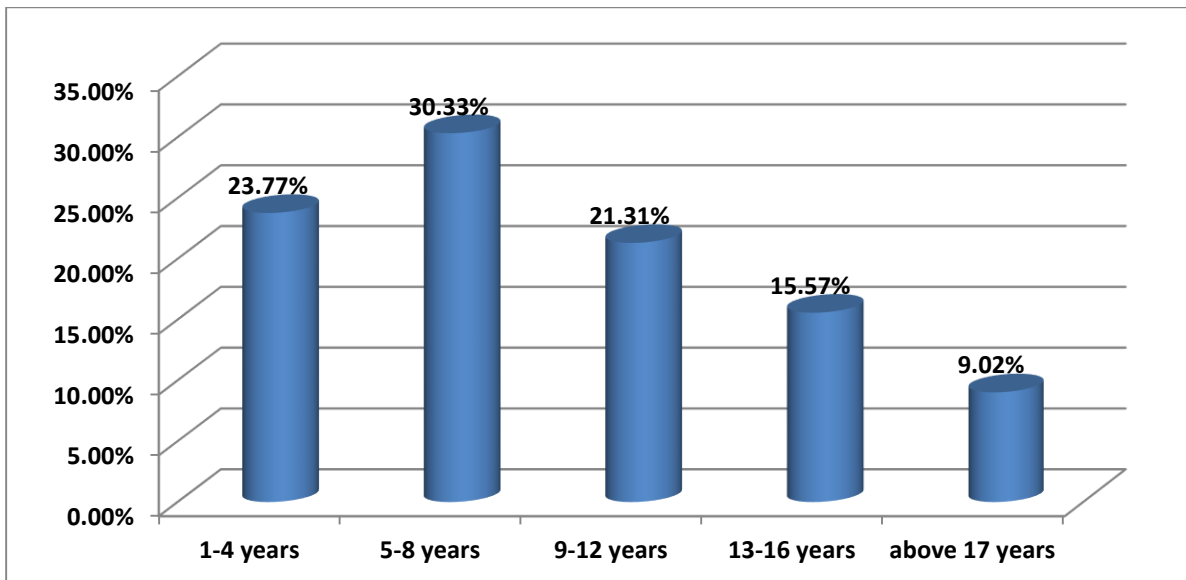
**Figure 4: Work positions of Respondents**



Source: own survey 2017

As can be seen from the above figure 4, the job title/position of the respondents indicates that 109(89.3%) were professional workers, 10(8.2%) were team leaders and 3(2.5%) were directors.

**Figure 5: Service years of the Respondents**



Source: own survey 2017

With regard to service years, 37(30.33%) of respondents were from 5 to 8 years, 29(23.77%) of them were from 1 to 4 service years, 26(21.31%) were from 9 to 12 years of service; 19(15.57%) of the respondents were between 13 to 16 years and finally 11(9.02%) of them above 17 years of service.

### 4.3. Current Performance Evaluation systems/practices in AACRA

In this section, AACRA’s current employees’ Performance evaluation practices presented precisely based on participants responds.

**Table 4.1: Current employees’ performance evaluation practices in AACRA**

No	Description	Frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	Employees’ performance assessment practices in AACRA is subjective rather than objective	Fre	50	39	17	12	4	122
		%	41	32	13.9	9.8	3.3	100
2	Employees’ performance evaluation system in AACRA unable to distinguish active employee from inactive	Fr.	47	45	14	9	7	122
		%	38.5	36.9	11.48	7.38	5.74	100
3	Employees’ performance evaluation system in AACRA enable to reward competent employees	Fre.	11	12	25	38	36	122
		%	9	9.8	20.5	31.2	29.5	100
4	Employees’ performance evaluation practices in AACRA unable to encourage employees toward organizational goals	Fre.	41	33	24	18	6	122
		%	33.6	27	19.7	14.8	4.9	100
5	Employees’ performance evaluation practices in AACRA align with organizational goals	Fre	9	18	19	35	41	122
		%	7.4	14.7	15.6	28.7	33.6	100
6	Employees’ performance evaluation system in AACRA enables managers to attack/harm those employees who they do not like	Fre	44	35	30	13		122
		%	36.1	28.7	24.5	10.7		100

Source: own survey 2017

As we have seen in the above table, 89(73%) of respondents respond an agreement response with the item of employees' performance assessment practices in AACRA is subjective rather than objective, while 17(13.9%) neutral and the remaining 16(13.1%) of them reply disagreement. This shows that employees performance evaluation practices in AACRA is subjective assessment system which unable to weigh the actual performance of the employees and leads to unfair rating methods. Unfair ratings may result in charges of discrimination, loss of employee morale and productivity or inaccurate appraisals, which lead to poor compensation or staffing decisions.

Similarly, 92(74.4%) of respondents infer agreement answer with the issue of employees' performance evaluation system in AACRA unable to distinguish active employee from inactive, whereas 16(13.1%) of them express disagreement and the remaining 14(11.48%) indifferent. This implies that due to the subjective employees' performance assessment execution in AACRA, it is impossible to distinguish active employees from inactive ones in order to take administrative actions like training and development.

On other hand, 74(60.7%) of respondents reply disagreement response with item of employees' performance evaluation system in AACRA enable to reward competent employees, while 25(20.5%) neutral and the rest 23(18.8%) of them answer agreement with the stated ideas. This reveals that AACRA's rewarding system is not objective which distinguishes active workers from inactive. Regarding to this Mathis (2004), indicated that there is a link between reward employee receives and performance appraisal. He describes the linkage as follows:-

Productivity → Performance appraisal → Rewards

This implies that when employees achieve their targets or increase their outputs, they need to be rewarded and this motivates them to continue to work harder. The writers further stated that if any part of the appraisal process fails, the better performing employees do not receive larger pay increase, resulting in perceived inequality in compensation. A research by (Bannister and Balkin, 1990) has also reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards.

On the statement indicating employees' performance evaluation practices in AACRA unable to encourage employees toward organizational goals shows that the majority 74(60.7%) of employees express agreement opinion, while 24(19.7%) reply disagreement, and 24(19.7%) are indifferent. This clarifies that because of subjective employees' performance appraisal practices in AACRA, employees are discouraged to achieve organizational goals and objectives.

On other hand, majority of the respondents 76(62.3%) infer disagreement response with ideas of employees' performance evaluation practices in AACRA align with organizational goals, whereas 27(22.1%) answer agreement and the rest about 19(15.6%) of them neutral with stated idea. From this one can understand that AACRA did not align its employees' performance evaluation with its organizational goals. It is impossible for an organization to meet its objective in the absence of human resource PA consideration. Hence, for the organization to achieve its desired goals and objective, it must align employees' performance assessments practice with its long, medium and short range plans.

In other way, 79(64.8%) of respondents answer agreement response with issue of employees' performance evaluation system in AACRA enables managers to harm those employees whom they do not like, while 30(24.6%) neutral and 13(10.7) of them reply disagreement opinion. This shows that AACRA managers used

employees' performance assessment as instrument for attacking those employees whom they do not like. For an organization to be competitor in the markets or to deliver effective services for its customers, managers and employees must create peaceful relationship rather than harming them by applying their authority.

**Table 4.2: Managers preconditions prior to evaluating employees' performance appraisal**

No	Description	Frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	Managers who are appraising employees' performance discussed with employees prior to appraising	Fr.	3	4	8	51	56	122
		%	2.4	3.3	6.6	41.8	45.9	100
2	In AACRA all managers and employees clearly know the purpose of employees' performance appraisal	Fre	3	9	42	42	26	122
		%	2.5	7.4	34.4	34.4	21.3	100
3	In AACRA managers possess adequate knowledge to conduct performance appraisals	Fre	1	13	39	41	28	122
		%	0.8	10.7	32	33.5	23	100

Source: own survey 2017

Majority of the respondents 107(87.7%) infer disagreement answer with the item of managers who are appraising employees' performance discussed with employees prior to appraising, whereas 8(6.6%) are neutral and 7(5.7%) answer agreement. This reveals that managers of AACRA do not discuss with employees prior to undergoing performance appraisal. Concerning this Grobler (2011) explained that prior to appraisal interviews; supervisors should discuss with employees the method that will be used. This discussion should specify which areas of performance will be evaluated, how often, how the evaluation takes place and its significance to the employees. The use of appraisal varies greatly; some

organizations tie pay and promotion directly to the PA, whereas others conduct appraisals only in a perfunctory manner to meet some broad goals or policies.

In the same way 68(55.7%) of respondents reply disagreement response with the statement of in AACRA all managers and employees clearly know the purpose of employees' performance appraisal, whereas 42(34.4%) of them neutral and 12(9.9%) of them express agreement opinion with the stated idea. The same answer was obtained through interview conducted with two senior HR experts. This indicates that managers and subordinates of AACRA do not clearly know the purpose of employees' performance evaluation. Similarly, different literatures also explain that a major weakness of performance appraisal program is that managers and supervisors are not adequately trained for the appraisal task and provide little meaningful feedback to subordinates (Bohlander and Snell 2004). Most supervisors lack precise standards for appraising subordinate's performance and have not developed the necessary observation and feedback skills; their appraisal often become nondirective and meaningless.

Furthermore, 69(56.5%) of the respondents suggest disagreement opinion with the description of AACRA managers possess adequate knowledge to conduct performance appraisals, while about 39(32%) of them being neutral and 14(11.5%) of the respondents express agreement with the stated idea. This shows that managers of AACRA do not have adequate knowledge to conduct employees' performance evaluation. Regarding to this Nankervis (1993) indicated that because managers or supervisors lack precise standards for appraising subordinates performance, their appraisal often tend to become overly lenient to the point of having little meaning.

As can be seen from the below table on next page, 80(65.6%) of the respondents forward disagreement response with the issue of employees' performance appraisal practices in AACRA measures competency of employees, whereas

32(26.2%) be neutral and only 10(9.9 %) of them infer agreement opinion. This implies that employees’ performance appraisal practices in AACRA does not assess competency of employees. Similarly, two senior HR officers also stated that employees’ performance appraisal in AACRA does not measure employees’ competency. Because the form used for evaluation is traditional one which does not invite to measure employees competency.

**Table 4.3: Employees’ performance assessment practices**

No	Description	Frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	Employees’ performance appraisal practices in AACRA measures competency of employees	Fre	4	6	32	39	41	122
		%	3.3	4.9	26.2	32	33.6	100
2	In AACRA competent employees got best performance appraisal result	Fre	6	5	26	38	47	122
		%	4.9	4.1	21.3	31.1	38.6	100

Source: own survey 2017

Similarly, 85(69.7%) of the respondents gave disagreement answer with the issue of in AACRA competent employees got best performance appraisal result, while 26(21.3%) of them being indifferent and 11(9%) of the respondents forwarded agreement response. This indicates that in AACRA employees who work more do not get best performance evaluation result due to personal interests of managers rather than organizational interest. Also similar answer is obtained through interview. Rewarding is obtained by intimacy of employees and bosses rather than working hard.

#### 4.4 Uses of Employees' Performance Evaluation in AACRA

As can be seen from table 4.1 item 1 on subsequent page, 84(68.8%) of the respondents reply disagreement answer with item of AACRA uses employees' performance appraisal to identify weakness and strength of employees, while 26(25.4%) of them being neutral and 12(9.9%) of the respondents express agreement opinion. This shows that, employees' performance evaluation practices in AACRA unable to distinguish the strength and weakness of employees. So AACRA evaluates its employees for formality purpose rather than for distinguishing or separating the weaker employees from competent employees.

In the other way the researcher found out additional response from two HRM senior officers through interview. They explained that "currently employees performance evaluation system in AACRA unable to distinguish weak and strong employees. So for the future they plan to change evaluating form used for employees' performance as well as the method used in evaluation process". Since result of employees performance appraisal is used for development, promotion and transfer, the employees' performance appraisal objective needs attention. Because employees' performance appraisal is used for employees' decision to promote outstanding performers, to weed out marginal or low performers and to train, transfer and discipline others and to justify merit increases. It also provides feedback to the employees as hereby serves as a vehicle for personal and career development and helps to achieve organizational goals.

Furthermore, 96(78.6%) of the respondents respond disagreement response with ideas of employees with weak performance evaluation result selected for training, whereas 18(14.8%) of them being neutral and the rest 8(6.6%) infer agreement opinion with stated issue. This implies that AACRA does use employees' performance evaluation result for selection of employees with weak performance for training. But employees for training are selected by immediate boss recommendation rather than based on employees' performance evaluation result.

Similar response also obtained through interview conducted with senior HR expert.

**Table 4.4: Uses of employees’ performance evaluation**

No	Description	Frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	AACRA uses employees’ performance appraisal to identify weakness and strength of employees	Fre	3	9	26	31	53	122
		%	2.5	7.4	21.3	25.4	43.4	100
2	Employees with weak performance evaluation result selected for training	Fre		8	18	46	50	122
		%		6.6	14.8	37.6	41	100
3	AACRA uses employees’ performance assessment result for motivation purpose through recognition	Fre		12	27	36	47	122
		%		9.8	22.1	29.5	38.6	100
4	AACRA uses employees’ performance appraisal result for promotion and transfer purposes	Fre	45	47	14	7		122
		%	36.9	38.5	11.5	5.7		100
5	In AACRA employees’ performance assessment result used for annual salary increment	Fre	39	43	16	16	16	122
		%	32	35.2	13.1	13.1	6.6	100
6	In AACRA employees’ performance evaluation used for human resource planning	Fre	2	5	46	46	23	122
		%	1.6	4.1	37.7	37.7	18.9	100
7	In AACRA employees’ performance appraisal is used as communication between employees and managers	Fre	1	14	43	44	20	122
		%	0.8	11.5	35.2	36.1	16.4	100
8	In AACRA employees’ performance appraisal result used for demotion purpose	Fre	4	9	30	39	40	122
		%	3.3	7.4	24.5	32	32.8	100

Source: own survey 2017

In the same way 83(68.1%) of respondents express disagreement response with idea of performance evaluation result in AACRA used for motivation purpose through recognition while 27(22.1%) of them being neutral and 12(9.6%) of the respondents forward agreement idea with the issues. This shows that employees' performance appraisal result is not used as a motivational factor for recognition. Regarding to this the researcher also found out similar response through interview from HRM department and they said that "employees' selection for recognition depends on immediate recommendation of the boss". Conducting regular performance appraisal is an important work force development strategy for organizations. Performance appraisals offer a valuable opportunity to recognize and reward employees and detect key barriers and facilitation to work practice and identify professional development needs and opportunities. Generally employees' performance appraisal should be applied for motivational and it needs appropriate design to help and motivate employees for better achievement.

On the other hand 92(75.4%) of the respondents reply agreement answer with the item of employees' performance appraisal result in AACRA used for promotion and transfer purposes while 16(13.1%) of them express disagreement and rest 14(11.5%) of respondents being neutral. This depicts that in AACRA employees' performance assessment result is used for promotion and transfer. Employees' Performance appraisal plays significant role when promotion is based on merit. Performance appraisal discloses how an employee is working in his/her present job and what his/her strong and weak points are. In the light of these, it can be decided whether he/she can be promoted to the next higher position.

In the same way 82(67.2%) of the respondents respond an agreement response with the item of in AACRA employees' performance evaluation result applied for annual salary increment, while 24(19.7%) express disagreement on the stated idea and 16(13.1%) indifferent. In addition similar respond was obtained through interview conducted with two HR senior officers. This reveals that in AACRA

performance appraisal result is used for annual salary increment. Actually, employees' performance appraisal plays a key role in making decision about salary increase. Normally salary increase of an employee depends upon how he/she is performing his/her job. There is continuous evaluation of his/her performance either formally or informally. This may disclose how well an employee is performing and how much he/she should be compensated by way of salary increase.

Similarly, 69(56.6%) of respondents respond agreement answer with issue of AACRA used employees' performance evaluation for human resource planning, whereas 46(37.7%) of them being neutral and 7(5.7%) forward agreement with the stated idea. This indicates that AACRA did not use employees' performance evaluation result for human resource planning. The same response also obtained through interview conducted with two senior HR officers. Normally, employees' performance evaluation data can be used for human resource activities such as for human resource planning, recruitment, transfer, promotion, demotion, training and development, etc.

In the same manner 64(52.5%) of the respondents also suggested disagreement opinion with the description of in AACRA employees' performance appraisal is used as communication between employees and managers, while 43(35.2%) being neutral and 18(12%) of them inferred agreement response. From this one can understand that even if AACRA evaluates its employees every time, managers and employees did not communicate during evaluation. Hence, employees' performance appraisal result was given to the employees without communication of managers and subordinates.

In the above table 4.4 item 8, large number of respondents 79(64.8%) forward disagreement suggestion with idea of in AACRA employees' performance appraisal result used for demotion purpose, whereas 30(24.5%) of them indifferent

and the rest 13(10.7%) of respondents reply agreement answer with issue. This shows that AACRA does not apply employees' performance appraisal result for demotion purpose when employees' performance evaluation results are not satisfactory. Actually, performance appraisal can be used to take important administrative actions if it is done in a correct manner. If it is done incorrectly, however, the process of evaluating employee performance can actually lead to lower levels of job satisfaction and productivity. In addition to this, penalizing poor performer is essential to correct his/her behavior and to help employees improve their performance. Performance evaluation result also helps supervisors to make administrative decision such as transfer, demotion and dismissal.

#### **4.5 Relationship between Managers and Employees and Provision of Feedback to the Employees at Appraisal time**

Prior to appraising, supervisors should discuss with employees the method that will be used. This discussion should specify which areas of performance will be evaluated, how often, how the evaluation takes place and its significance to the employees (Grobler, 2011).

As can be seen from the below table majority of the respondents 95(77.9%) infer disagreement answer regarding the statement which stated as at appraising time subordinates and managers clearly discussed performance evaluation results while 20(16.4%) are neutral, and the rest 7(5.7%) forward agreement response. This shows that when employees' performance is evaluated, managers and subordinates of AACRA do not discuss the result, what to be improved for the future, in what areas training will be needed and so on. Similar response is also obtained from interview of two HR officers. According to AACRA's collective agreement article 31 sub articles 3 "whenever employees' performance evaluations are undergone, employees and bosses should be together and discuss evaluation result". Concerning this idea, Grobler (2011) stated that in some organizations, appraisal

discussions are omitted whenever specific evaluative objectives for merit raises or promotions have been met. The general trend, however, is to make sure that the supervisor discusses the appraisal with their employees, allowing employees to discuss areas of agreement and disagreement. The supervisor should emphasize positive work performance, those areas in which the employee has met/exceeded expectations/ and areas that need improvement.

**Table 4.5: Relationship between managers and employees**

No.	Description	frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	At appraising time subordinates and managers clearly discussed performance evaluation results	Fre		7	20	48	47	122
		%		5.7	16.4	39.4	38.5	100
2	Managers fill employees' performance evaluation in front of subordinates on provided form	Fre.	2	5	33	40	42	122
		%	1.6	4.1	27.1	32.8	34.4	100
3	At appraisal time employees can see and know their performance appraisal result	Fre		11	29	38	44	122
		%		9	23.8	31.1	36.1	100
4	At appraising time boss provides subordinate feedback	Fre		9	21	47	45	122
		%		7.4	17.2	38.5	36.9	100
5	Employees with weak performance advised to improve for the future	Fre		12	41	36	33	122
		%		9.8	33.6	29.5	27.1	100
6	Managers discuss with employees about employees' performance on a regular basis	Fre.		10	39	41	32	122
		%		8.2	32	33.6	26.2	100
7	Managers clearly express goals and targets of performance evaluation	Fre		4	30	48	40	122
		%		3.3	24.6	39.3	32.8	100

Source: own survey 2017

Similarly, 82(67.2%) of the respondents express disagreement opinion with the item of managers fill employees' performance evaluation on provided form in front of subordinate, while 33(27.1%) of them being neutral and the remaining 7(5.7%) of the respondents respond agreement response. This indicates that when employees are evaluated for their performance appraisal, managers do not fill the provided form in front of employees. Two HR senior officers also respond similar answer. Concerning to this Robbins (1996) has identified that the result of the appraisal is communicated and discussed with the employee on one-to-one basis. The result, the problem and possible solutions are discussed with the aim of problem solving and reaching consensus.

Furthermore, 82(67.2%) of respondents respond disagreement answer with issue of at appraising time employees can see and know their performance appraisal result, whereas 29(23.8%) of them indifferent and the rest 11(9%) reply agreement answer. This shows that when employees' performance evaluation is undergone in AACRA the subordinates could not see their evaluation results. In addition to this similar response is obtained through interview conducted with two senior HR officers. They stated that even though they discussed with different management groups for a number of times so that they show evaluation result for employees, so far managers were not voluntary to do so. Collective agreement of AACRA article 31 sub articles 3 explained that at appraising time employees have the rights to see their result.

Moreover, majority of respondents 92(75.4%) answer disagreement respond concerning the statement which states that at appraisal time boss provides subordinate feedback, while 21(17.2%) of them indifferent, and 9(7.4%) suggested agreement answer with the issue. This indicates that when performance appraisal is undergone in AACRA, a manager does not provide feedback to subordinates as to what they will improve for the future. Regarding to this Locke and Latham

(1990) intimated that provision of performance feedback is a necessary condition for goals to have their full effect. Employees and managers generally benefit from honest, objective feedback about how things are going. A constant exchange of information, often generated through what might be described as ‘performance conversation’, helps everyone to stay on track and the organization to stay competitive. Feedback should be given with a positive attitude as this can have an effect on the employee’s future performance. The purpose of the meeting should be to solve problems faced and motivate the employees to perform better.

Collective agreement of AACRA article 31sub articles 4 stated that “when performance appraisal result of employees is being lower (below 3 point) the manager or immediate boss must be advising the subordinates”. As it was indicated in the above table, about 69(56.6%) of the respondents respond disagreement response regarding employees with weak performance advised to improve for the future, whereas 41(33.6%) of them indifferent and the rest 12(9.8%) answer agreement response. This shows that in AACRA managers do not give a piece of advice to their employees when they are weak in their performance.

In above table 4.5, majority of the respondents 73(59.8%) gave disagreement answer with the issue of managers discuss with employees about employees’ performance on a regular basis while 39(32%) being neutral and the remaining 10(8.2%) respond agreement answer. This indicates that in AACRA managers do not discuss with employees about employees’ performance on a regular basis.

In the same way 88(72.1%) of the respondents expressed disagreement response with statements of manager clearly expresses goals and targets of performance evaluation in AACRA, while 30(24.6%) indifferent and 4(3.3%) suggested agreement response. From this one can understand that AACRA’s managers do not explain goals and targets of performance assessment. In this regard Grobler

(2011) emphasized that a critical aspect of PA is the use of goal setting. How specifically or rigidly these goals are to be pursued is determined by the appraisal method used. Even if goals are only broadly discussed, setting goals for the employees' future appraisal period is critical because it gives the employees direction for continued or improved performance. When leaving the appraisal discussion, an employee is more likely to feel comfortable knowing how past performance has been viewed and what needs to be accomplished to meet future expectations.

**Table 4.6: Means of getting satisfactory performance appraisal result**

No	Description	Frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	In AACRA getting satisfactory employees' performance evaluation result depends on boss willingness	Fre.	43	33	21	16	9	122
		%	35.3	27	17.2	13.1	7.4	100
2	Employees who have intimacy with boss can get good enough performance evaluation result	Fre.	41	31	24	18	8	122
		%	33.6	25.4	19.6	14.8	6.6	100
3	If subordinates are not satisfied in a given performance appraisal results, they can appeal to the next senior manager	Fre	2	14	48	32	26	122
		%	1.6	11.5	39.3	26.3	21.3	100
4	Based on employees' appeal corrective action had been taken when bosses gave unfair performance appraisal result	Fre		6	37	40	39	122
		%		4.9	30.3	32.8	32	100

Source: own survey 2017

As can be seen on the above, majority of the respondents 76(62.3%) reply agreement answer on the statement that in AACRA getting satisfactory employees' performance evaluation result depends on boss willingness, whereas 25(20.5%) express disagreement and the rest 21(17.2%) of them being neutral. This shows that in AACRA to get good enough performance assessment result that meet a requirement depends on managers' willingness.

In addition 72(59%) of respondents suggested agreement answer regarding to issue that employees who have intimacy with boss can get good enough performance evaluation result, while 26(21.4%) of them inferred disagreement and the rest 24(19.6%) indifferent. This indicates that in AACRA to get best performance appraisal result, employees have to create intimacy with bosses rather than working in commitment. But two senior HR officers said nothing regarding this issue.

On the other hand, 58(47.6%) of respondents answer disagreement response with the statement that if subordinates are not satisfied in a given performance appraisal results, they can appeal to the next senior manager, while 48(39.3%) of them indifferent and the remaining 16(13.1%) suggested disagreement opinion. This indicates that if employee is not satisfied with the given performance appraisal result, he/she cannot appeal to the next senior manager. But in collective agreement of AACRA article 31 sub articles 3 it is stated that when employees are not satisfied in a given evaluation result, they have the right to appeal to the next senior manager. Though it is stated in collective agreement, in reality it is not applicable.

Besides, approximately 79(64.8%) of the respondents reply disagreement response with the ideas of based on employee's appeal corrective action are taken when boss gave unfair performance appraisal result, whereas 37(30.3%) of them being neutral and the remaining 6(4.9%) answer agreement. This shows that corrective

actions are not taken when boss gave unfair performance appraisal result. According to collective agreement of AACRA article 31 sub articles 31.6/2 if employees' performance evaluation result is below 3 point or below 60%, the employees who get this point are subject to discipline measures instead of taking corrective action. Because getting below 3 point is below the standard.

#### **4.6. To what extent the performance evaluation practices of AACRA fair and objective?**

The performance appraisal method applied must be sensitive in distinguishing effective performers from ineffective performers and should be easily understood by both raters and the employees (Fletcher, 2004). Similarly, in collective agreement of AACRA article 31 sub articles 1 it is stated that employees' performance evaluation ought to be undergone fairly and objectively without any bias.

On the statement indicating whether the employees' performance is assessed based on their plan and output produced or not reveals that most of the respondents 74(60.7%) expressed disagreement answer, while 40(32.7%) of them indifferent and the rest 8(6.6%) respond agreement opinion. This implies that in AACRA employees' performance is not measured based on employees plan and output obtained. The effectiveness of a performance appraisal system should be evaluated to make sure that employee performance is linked to business goals and financial indicators such as return on investment. Based on the evaluation, the performance appraisal system should be adjusted. It notes that employees' goals should be tied to a company's strategic goals.

**Table 4.7: To what extent the performance evaluation practice of AACRA fair and objective?**

No	Description	frequency & percentage	Level of Agreement					Total
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
1	Employees' performance is assessed based on their plan and output produced	Fre		8	40	39	35	122
		%		6.6	32.7	32	28.7	100
2	Employees' performance evaluation practices of AACRA is free from biased	Fre		4	18	48	52	122
		%		3.3	14.8	39.3	42.6	100
3	Employees' performance assessment <b>form</b> in AACRA is objective to weigh employees' work performance	Fre	2	6	11	47	56	122
		%	1.6	4.9	9	38.5	46	100
4	AACRA's employees happy in their performance appraisal result	Fre		6	38	41	37	122
		%		4.9	31.1	33.6	30.4	100
5	Fair and objective performance assessment practices enables all employees to discharge their duties and responsibilities without reserved their knowledge and effort	Fre		5	32	44	41	122
		%		4.1	26.2	36.1	33.6	100

Source: own survey 2017

In addition 100(81.9%) of the respondents respond disagreement response with issue of employees' performance evaluation practices of AACRA is free from bias, while 18(14.8%) being neutral, and the remaining 4(3.3%) are expressed agreement. This illustrates that performance appraisal system in AACRA is not free from bias. That means employees' performance evaluation system in AACRA is subjective which does not distinguish competent employees from inactive ones. Regarding this Grobler (2011) emphasized that appraisers should apply consistent, explicit and objective job-related standards when preparing performance evaluation. The appraisal of an employee should be related to the essential

functions of the job. If the system gives rise to similar ratings for both effective and ineffective employees through design deficiencies (for example, insufficient performance categories) or rating errors (for example, central tendency), results cannot be used for developmental or administrative decisions.

Furthermore, majority of the respondents 103(84.5%) answer disagreement response with statements of employees' performance assessment form in AACRA is objective to weigh employees' work performance, whereas about 11(9%) of them being neutral and 8(6.5%) are suggested agreement opinion. This indicates that employees' performance assessment form used in AACRA does not measure employees' work performance objectively. Appraisers should apply consistent, explicit and objective job-related standards when preparing performance appraisals. The appraisal of an employee should be related to the critical performance areas of the post.

Similarly, majority of the respondents 78(64%) respond disagreement answer on the statement that explains AACRA's employees happy in their performance appraisal result, while 38(31.1%) indifferent and the rest 6(4.9%) respondents are replied agreement. This elucidates that as the result of subjective employees' performance appraisal practices in AACRA, employees are not happy with their performance appraisal result.

The extent of agreement regarding the statement that explains fair and objective performance assessment practices enables all employees to discharge their duties and responsibilities without reserved their knowledge and effort, approximately 85(69.7%) of the respondents' explained disagreement idea , whereas 32(26.2%) being neutral and the rest 5(4.1%) are replied agreement. This shows that performance evaluation system in AACRA is biased and subjective which does not make happy all employees to discharge their duties and responsibilities without reserving their knowledge and effort. Concerning this Grobler (2011)

expressed that PA's should evaluate the employees' work according to predetermined work requirements. The supervisor's feelings about the employee should not affect the appraisal. Feelings cannot be evaluated; they are only mental constructs and may be biased. By discussing employees' observed and documented behavior, the supervisor focuses the appraisal on concrete and actual performance of the employee.

# **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

## **5.1. Summary of Major Findings**

Based on the analysis done, the following major findings were identified.

### **5.1.1. Current Performance Evaluation practices in AACRA**

Current employees' performance evaluation practices in AACRA is subjective assessment system which unable to weigh the actual performance of the employees, impossible to distinguish active employees from inactive ones in order to take administrative actions like training and development, as well as its rewarding system is subjective which unable to distinguish active workers from inactive ones resulting in discourages employees to achieve organizational goals and objectives. Its PA system is not aligned with its organizational goals but managers used employees' PA as an instrument for penalizing those employees whom they do not like. They do not discuss with employees prior to undergoing performance appraisal, do not have adequate knowledge to conduct employees' performance evaluation properly as well as to assess competency of employees; in addition managers with their subordinates do not clearly know the purpose of employees' performance evaluation. Therefore, employees who work more do not get best performance evaluation result due to personal interests of managers rather than organizational interest.

### **5.1.2. Objective of Employees' Performance Appraisal**

Employees with weak performance evaluation result are not selected for training as well as for motivation purpose through recognition but employees' selection for training and motivation has been undergone based on immediate bosses' recommendation rather than performance evaluation results, the immediate bosses

of employees do not properly evaluate their subordinates, providing them rewards for better performance but employees' performance appraisal result is given to the employees without communication of managers and subordinates, human resource management also does not use employees' performance evaluation result for human resource planning. In other words, AACRA used employees' performance appraisal result for promotion, transfer and annual salary increment purposes.

### **5.1.3. Relationship between Managers and Employees and Provision of Feedback to the Employees at Appraisal time**

At appraisal time subordinates and bosses of AACRA do not clearly discuss regarding performance evaluation results, managers do not fill the provided form in front of employees, do not provide constructive feedback to subordinates as to what they will improve for the future, do not give a piece of advice to their employees when they are weak in their performance, do not discuss with employees about employees' performance on a regular basis, do not explain goals and targets of performance assessment. On other hands, to get good enough performance appraisal result, employees have to create intimacy with bosses rather than working in commitment and may depend on willingness of the bosses. If employee is not satisfied with the given performance appraisal result (unfair performance appraisal result), he/she cannot appeal to the next senior manager as the result of this corrective actions are not taken to bring solution. In generally, at assessment time employees are not allowed to see their performance appraisal results.

### **5.1.4. Does Performance Evaluation System in AACRA Fair and Objective?**

In AACRA employees' performance is not measured based on employees plan and output, is not free from bias, does not measure employees' work performance objectively. Because of unfair and subjective employees' PA system the

subordinates do not happy to discharge their duties and responsibilities without reserving their knowledge and effort.

## 5.2 Conclusion

The findings of the study indicated that employees' performance evaluation practices in AACRA is unable to distinguish weakness and strength of employees, it is biased and subjective assessment system which does not motivate employees, and does not evaluate employees' competency. It is the traditional one which is emphasizing on the rating of the individual's personality traits, such as initiative, potentiality, integrity, creativity rather than achievement. Those employees who are weak in their performance are not selected for training. Managers of AACRA use employees' performance evaluation for penalizing those employees they do not like.

However, it is used for annual salary increment as well as for promotion and transfer. Managers and employees of AACRA do not clearly know the purpose of employees' performance assessment. They also do not possess adequate knowledge to conduct employees' performance appraisal.

At appraising time managers do not provide feedback to the employees. They also do not discuss with employees about performance appraisal. The employees are not allowed to see their evaluation result. In order to get satisfactory performance assessment result, the employees must create intimacy with their bosses. Managers of AACRA do not express the goals and targets of employees' performance evaluation. They were not trained prior to appraising employees' performance evaluation.

Generally, the findings of the study reveal lack of sound performance appraisal system, biased and subjective assessment practices in AACRA. Hence, the researcher would like to make the following recommendations.

## 5.3 Recommendations

In the light of the study, the current employees' Performance Appraisal Practice of AACRA has something wrong. So it is important to look for solutions to improve the existing situation. Concerning this, the following are recommended:

- ❖ AACRA should design objective Employees' performance assessment practices that enable it to distinguish weak performers from strong ones in order to train the weaker employees and to make them strong performers. The existing employees' performance evaluation form must be changed with the new one which correctly weighs the employees' output.
- ❖ AACRA should formulate clear performance appraisal system which promotes outstanding performances and to weed out low performers as well as develop modern performance evaluation system like management by objective which focuses its attention on individual's goal setting, that are tangible, verifiable and measurable. It must be sound assessment system which evaluates employees' competency and their outputs.
- ❖ Managers need to be continuously trained in order to possess adequate knowledge and to conduct the appraisal process effectively. This is to ensure that employees' performance assessments are carried out as objectively as possible. Furthermore, Human Resource Management ought to create awareness for managers and employees in order to know the purpose and advantage of employees' performance appraisal clearly.
- ❖ The appraisal system should be participatory that employees should be allowed to see their evaluation and comment on it. The evaluation result needs to be clearly discussed among the raters and ratees. It should also provide feedback to the employees as this serves as a vehicle for personal and career development and help to achieve organizational goals.

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**Part two: - Questions Related to the Practices of Performance Appraisal in AACRA**

No.	Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>I</b>	<b>What are the current performance evaluation systems or practices in AACRA?</b>					
1	Employees' performance assessment practices in AACRA is subjective rather than objective					
2	Employees' performance evaluation system in AACRA is unable to distinguish active employee from inactive					
3	Employees' performance evaluation system in AACRA enables to reward competent employees					
4	Employees' performance evaluation practices in AACRA is unable to encourage employees toward organizational goals					
5	Employees' performance evaluation practices in AACRA is aligned with organizational goals					
6	Employees' performance evaluation system in AACRA enables managers to attack/harm those employees whom they do not like					
7	Managers who are appraising employees' performance hold discussion with employees prior to appraising					
8	In AACRA all managers & employees clearly know the purpose of employees' performance appraisal					
9	In AACRA managers possess adequate knowledge to conduct performance appraisals					
10	Employees' performance appraisal practices in AACRA measures competency of employees					
11	In AACRA competent employees got satisfactory performance appraisal result					
<b>II</b>	<b>For what purpose employees' performance Evaluation used in AACRA?</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
12	AACRA uses employees' performance appraisal to identify weakness and strength of employees					

13	Based on performance evaluation result employees with weak performance are selected for training purpose					
14	AACRA uses employees' performance assessment result for motivation purpose through recognition					
15	AACRA uses employees' performance appraisal result for promotion and transfer purposes					
16	In AACRA employees' performance assessment result is used for annual salary increment					
17	In AACRA employees' performance evaluation is used for human resource planning					
18	In AACRA employees' performance appraisal is used as communication between employees & managers					
19	In AACRA employees' performance appraisal result is used for demotion purpose					
III	<b>What is the relationship between managers and employees in AACRA at appraising time?</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
20	At appraisal time subordinates and managers are clearly discussing performance evaluation results					
21	Managers fill employees' performance evaluation in front of subordinates on provided form					
22	At appraisal time employees can see and know their performance appraisal result					
23	At appraisal time boss provides feedback to subordinate					
24	Employees with weak performance are advised to improve for the future					
25	Managers discuss with employees concerning employees' performance on a regular basis					
26	Managers clearly express goals and targets of performance evaluation					
27	In AACRA getting satisfactory employees' performance evaluation result depends on boss's willingness					

28	Employees who have intimacy with boss can get good enough performance evaluation result					
29	If subordinates are not satisfied in a given performance appraisal results, they can appeal to the next senior manager					
30	Based on employees' appeal corrective action is taken when bosses give unfair performance appraisal result					
IV	<b>Does performance evaluation system in AACRA fair and objective?</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
31	Employees' performance is assessed based on their plan & output produced					
32	Employees' performance evaluation practices of AACRA are free from bias					
33	Employees' performance assessment <b>form</b> in AACRA is objective to weigh employees' work performance					
34	AACRA's employees are happy in their performance appraisal result					
35	Fair and objective performance assessment practices enable all employees to discharge their duties and responsibilities without reserving their knowledge and effort					

## **Appendix II: Interview questions**

### **Interview Questions for two senior Human Resource Management officers of Addis Ababa City Roads Authority**

1. For what purpose this organization uses employees' performance evaluation results?
2. Do all managers and employees of Addis Ababa City Roads Authority clearly know the purpose of employees' performance evaluation?
3. Does the performance evaluation practices used in this organization is fair and objective?
4. What methods of employees' performance evaluation are used in this organization?  
Traditional methods or Modern methods?
5. What measures are taken so as to improve the performance of weak employees in this organization?
6. Is efficiency form which is used in this organization clearly measures the performance of employees?
7. What is the current practice of employees' performance evaluation in this organization?

**Thank you for your time!!!**





