

**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**MA - PROGRAM IN HUMAN RESOURCE MANAGEMENT**

**An assessment of Performance Management System in three private electromechanical manufacturing organizations in Addis Ababa**

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### **Declaration**

I declare that this thesis entitled “**An assessment of Performance Management System in three private electromechanical manufacturing organizations in Addis Ababa**” is my original work and it has not been submitted to any other institution for any degree award

#### **Declared by**

Name\_\_\_\_\_

Signature\_\_\_\_\_

Date\_\_\_\_\_

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## **Abstract**

*Performance management system has several benefits for any organization. It increase self esteem of employees, it provides insight about subordinate, makes organizational goals clear etc. To continuously improve the system, the strength and weakness of the system in the context of organizations should be assessed. In line with the above view, this particular study tried to assess the performance management system of selected private manufacturing organizations. The objective of the research was to assess the performance management system in selected manufacturing organizations in terms of implementation, purpose and best practices of the systems. The research followed a quantitative technique and data gathered through close- ended questioner. Sample size of 252 has been determined by the use of appropriate sample determination formula and stratified random sampling technique was employed to distribute the designed questioner. To address the issue of reliability and validity Cronbach's Alpha and pilot testing was conducted respectively The research found out that the organizations performance management system does not link organizational goal with the personal goal of employees, does not serve for pay decisions and have a problem of serving for organizational maintenance purpose. But the organizations performance management systems serve better with respect to documentation, communication and developmental purpose. The organization performance management systems in terms of implementation can be considered in a better condition with exception of performance review components. Good practices such as appealing procedure, ethics in evaluation, fairness of the systems from distributive justice point of view, evaluation of all employees are some of the good practices exercised in the organizations.*

*Key words: Performance management system, selected manufacturing organizations, best performance practices*

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

To survive in highly competitive market environment, organizations need well competent employees who can face present and uncertain future challenges. So organizations always try to seek the new ways to improve employee's performance. Traditionally, this objective was attempted to achieve through employees performance appraisal which was more concerned with telling employees where they lacked in their performance. Though performance appraisal served the purpose to some extent, but not considered enough to raise the employee performance at the most desirable level (Prasad, 2005). Reviewing the above literature it's rational to ask, if performance appraisal cannot serve the purpose what will do? According to (Oberg, 1972) the modern performance appraisal trace back to the first world war when the US Army adopted the "Man-to-man" rating system for evaluating military personnel .Since then the field has evolved from just rating of individual against predetermined standard to managing performance in real-time to ensure performance reaches the desired levels, which become the main aim of performance management system (Lenna and Teinkle, 2012).

According to Agunis (2005) performance management system a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals. Looking the above definitions, we can learn that performance management system is a continuous process unlike performance appraisal system that involves employee evaluations once a year, without an effort to provide feedback and coaching so that the performance of individual can be improved. The other important aspect we can draw from the above definition is that, performance management system ability to align the activity of individuals with the overall objective of the organization. Hence, performance management is one of the critical factors that affect the success and failure of an organization.

Another important question regarding the performance management could be what benefit we are getting from performance management system? Agunis (2005) identified some of the benefit of having the performance management system. Here below is the list,

- Motivation to perform is increased

- Self-esteem is increased
- Managers gain insight about subordinates
- The job definition and criteria are clarified
- Self-insight and development are enhanced.
- Personnel actions are more fair and appropriate.
- Organizational goals are made clear.
- Employees become more competent.
- There is better protection from lawsuits.
- There is better and timeline differentiation between good and poor performers.
- Supervisors' views of performance are communicated more clearly.
- Organizational change is facilitated.

If performance management system can help us to have all the benefit listed above, then it's an area worth studying in any sector which organizations engaged in.

### **Background of the selected organizations**

#### **1.SINTEC ETHIOPIA PLC**

SINTEC Ethiopia plc is one of the first electro mechanical companies established in 1989 with the purpose of prompting science and technology in Africa. SINTEC assume the responsibility for supply of component and parts that can be fabricated locally at its own workshops and other local establishment. SINTEC Ethiopia in the last 25 years able to participate and undertake major electro mechanical work such as in the construction of airport terminal, sugar factories, beverage and food industries and pedestrian bridges.

#### **Values**

- Leaders through excellence
- House of quality

#### **Vision**

- Lead technology Supplier in specialized areas of fields capable of competing at international standards

#### **Mission**

- To contribute to the process of industrialization, transfer of technology and knowhow in a manner that is responsive to national resource endowment and absorptive capacity

## **2. Nigat Mechanical Engineering Share Company**

Nigat Mechanical Engineering Share Company is an Ethiopian company established in 2004. The company owns Kotebe Metal Tools Factory (KMTF) the former Ethiopian Metal Tools Factory (EMTF).

KMTF has also introduced roll forge technology in order to use low cost raw materials, improve quality, and reduce losses in material, energy, and processing time. KMTF was established by Polish and Ethiopian owners as private limited company in 1969 to manufacture various types of hand tools. The Plant was nationalized in 1975, by the former Military Government and put under the ex-National Metal Works Corporation (NMWC). The NMWC was dissolved by the current Ethiopian government. The supervision of the KMTF was hence finally given to the Privatization and Public Enterprises Supervising Agency until it was sold and handed over to Nigat Mechanical Engineering S.C. as of March 1, 2006.

### **Mission**

The mission of KMTF is to competitively manufacture and sell various hand tools and other related products of high quality with the aim of contributing its share to the achievement of the objective of Nigat which is to give high value added engineering products and services at international standards

## **3. Techtera Engineering PLC**

Established in 1996, the company started its activities manufacturing limited and simple products such as hollow block making machines and installing various electromechanical units. As the years went by, it undertook different projects all over the country and in neighboring countries. Engineers of the company are structured generally as per the specialties they usually work on and thus are adept and versatile. Technicians – in both Electromechanical and Metal Engineering fields - undertake workshop and field works all over the Country and hence are divided into

“Workshop” and “Installation” crews. The span of projects may cover projects in any part of the Country at any one time.

### **1.2 Statement of the Problem**

Papers concerning performance management system in Ethiopia have been addressed by different researchers and students in different sectors of our economy; however it's difficult to get study that is conducted on the manufacturing sector. Mesfin Berhanu (2013) his paper concentrate on knowing the feature of performance management system in the Ethiopian banking industry and assess the purpose of their performance management system in reference with certain theoretical parameters. Similar research conducted by Liko Tolosa (2013) describes the challenges and practice of performance management system in the case of bank of Oromia. The other paper written by Haylu sileshi(2013) tries to indicate the performance management system integration with the objective of individual importance for motivational purpose in the case of Ethiopian insurance company. The above researches conducted in the similar industry which is the banking and insurance industry.

Apart from the above two, Hilian Temsgen (2013) concentrate on the assessment of performance management system assessment on nongovernmental organization called farm Ethiopia. The performance management study on higher Ethiopian education has been studied by taking the case of Araba Minch University by Getahun Kelemwork (2013). One part of performance management system which is performance appraisal practice has been researched by Dessalegn Asfaw (2012) on manufacturing company called Hibret Manufacturing and Machine Building Industry. From the above analysis we can see that most of the research is conducted on the banking and insurance industry and still much research much needs to be done in the context of private manufacturing industries in Ethiopia.

The federal democratic republic of Ethiopia five year transformation plan clearly indicate value adding private manufacturing sector is considered to be the engine of the sectors' growth and it highly encourages small, medium and large scale manufacturing industry. Private manufacturing organizations with high expectation to be the backbone of our economy, further research must be done regarding on the performance management system so that the organizations can strength their system and ready for challenges that comes from external environment. Hence, an assessment of performance management system in the manufacturing industry needs to be studied

like any other sectors of the economy to apprise the performance of the organizations. In line with that, performance management system in the context of private manufacturing organizations is the area of focus of for this particular study.

### **1.3 Research Question**

This particular research tries to assess the current prevailing facts about performance management system in the context of private manufacturing companies. Hence, this research will be expected to answer the following research questions,

- Does the current organizations performance management system serve the purpose of performance management system?
- Is the organizations performance management system being properly implemented?
- What are the best performance management system practices exercised in the organizations?

### **1.4 Significance of the Study**

- It gives insight about the discipline of performance management system in the case of manufacturing industry
- The research can find inputs that is helpful for the growth of Ethiopian manufacturing industry
- The organizations under study can figure out where the performance management system of the organization strength and weakness lays
- The research can also serve as reference for further related studies

### **1.5 Objective of the Study**

The general objective of the study is to assess the role of performance management system in selected private manufacturing organizations.

Specific objectives are

- To identify whether the organization performance management system serve its purpose
- To investigate whether the organization performance management system properly implemented or not

- To identify the best performance management system practices in the organizations

### **1.6 Scope of the Study**

The paper will limit its study on those organizations that are currently engaged in manufacturing of metal products and specialized in Electro-Mechanical work. Among fifty four members of basic metal manufacturing industry association, three organizations were selected for this particular study. The organizations were selected based on ease of data accessibility.

### **1.7 Organization of the Study**

The organization of the study follows the same format most thesis papers follows. The first chapter discusses background of the study and organizations, statement of the problem, research question, significance of the study, scope and objective of the study. The second chapter review literatures related to this particular research. The third chapter concentrates on the research design and the methodology. The fourth chapter presents data and analysis based on the gathered data. The last chapter deals with the major findings, conclusion and recommendation part of the research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction to Performance Management System**

The human resource of the organization is critical factor for the success of the organization. It's through people organization identify the path to where they want to go and it's the people that are responsible for doing it. Thus, success of an organization will highly depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as a vital resource (Biswajeet 2009). According to resource based view it is the range of resources in an organization, including its human resources, that produces its unique character and creates competitive advantage (Hamel and Prahalad, 1989). In line with this view organizations should develop a mechanism that enables to bring the best out of its employees so that the organizations can gain competitive advantage over their rivals. One way of doing is that through proper implementation of performance management system. Properly implemented performance management provides a wide range of benefit to the organizations. Armstrong & Baron (1998) defined performance management in similar way; performance management can be defined as a strategic and integrated approach of delivering sustained success to the company by improving individual and group performance and developing the capability of teams and individuals.

Performance management system is not just a onetime activity of evaluating the performance of individual. Instead it's a continuous process of managing the performance of individual. According to (Aguinis, 2009) performance management system is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. (Armstrong, 2006) also define Performance management as a systematic process for improving organizational performance by developing the performance of individuals and teams.

## 2.2. Characteristics of a Good Performance Management System

Agunis (2005) identified characteristics that are likely to allow a performance management system to be successful. In practical terms, although it's difficult to have all the features but organization must do its best to ensure that the characteristics are incorporated as much as possible so that performance management system can deliver its expectation.

**Strategic congruence;** The system should be congruent with the unit's and organization's strategy. In other words, individual goals must be aligned with unit and organizational goals.

**Thoroughness;** The system should be thorough regarding four dimensions. First, all employees should be evaluated. Second, all major job responsibilities should be evaluated. Third, the evaluation should include performance spanning the entire review period, and not just the few weeks/months before the review. Finally, feedback should be given on positive performance aspects as well as those in need of improvement.

**Practicality;** Systems that are too expensive, time-consuming, and convoluted will obviously not be effective. On the other hand, good systems are available and easy to use and are acceptable to those who want to use them for decisions. Finally, the benefits of using the system be seen as outweighing the costs.

**Meaningfulness;** The system must be meaningful in several ways. First, the standards and evaluations conducted for each job function must be considered important and relevant. Second, performance assessment must emphasize only those functions under the control of the employee. Third, evaluations must take place at regular intervals and at appropriate moments. Fourth, the system should provide for continuing skill development of evaluators. Finally, the results should be used for important personnel decisions.

**Specificity;** A good system should be specific, meaning that it should provide detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations.

**Identification of effective and ineffective performance;** The performance management system should provide information allowing for the identification of effective and ineffective performance. That is, the system should allow for distinguishing between effective and ineffective behaviors and results, thereby also allowing for the identification of employees displaying various levels of performance effectiveness. In terms of decision-making, there is no use having a system that classifies or ranks all levels of performance, and all employees, similarly.

**Reliability;** A good system should include measures of performance that are consistent and free of error. For example, if two supervisors provided ratings of the same employee and performance dimensions, ratings would be similar.

**Validity;** The measures of performance should also be valid. In this context, validity refers to the fact that the measures include all relevant performance facets and do not include irrelevant performance facets

**Acceptability and fairness;** A good system is acceptable to and perceived as fair by all participants. Perceptions of fairness are subjective, and the only way to know whether a system is seen as fair is to ask the participants. We can ask about distributive justice, which includes perceptions of the performance evaluation received relative to the work performed and perceptions of the rewards received relative to the evaluation received. If a discrepancy is perceived between work and evaluation, or between evaluation and rewards, then the system is likely to be seen as unfair. In addition, we can ask about procedural justice, which includes perceptions both of the procedures used to determine the ratings and of the procedures used to link ratings with rewards. Because a good system is inherently discriminatory, some employees will receive ratings lower than those received by other employees. However, we should strive to develop systems seen as fair from both a distributive and procedural perspective. This is because each type of justice perception leads to different outcomes. For example, a perception that the system is not fair from a distributive point of view is likely to lead to a poor relationship and lowered satisfaction with the supervisor. On the other hand, a perception that the system is unfair from a procedural point of view is likely to lead to decreased commitment towards the organization and intentions to leave.

**Inclusiveness;** Good systems include input from multiple sources on an ongoing basis. First, the evaluation process must represent the concerns of all the people who will be affected by the outcome. Consequently, employees must participate in the process of creating the system by providing input regarding what behaviors and/or results will be measured and how. Second, employee input about their performance should be gathered from the employees themselves before the appraisal meeting.

**Openness;** Good systems have no secrets. First, performance is evaluated frequently, and performance feedback is provided on an ongoing basis. So employees are continually informed of their performance. Second, the appraisal meeting consists of a two-way communication process, where information is exchanged and not just delivered from the supervisor to the employee. Third, standards should be clear and communicated on an ongoing basis. Finally, communications are factual, open and honest.

**Correctability;** The process of assigning ratings should minimize subjective aspects. However, it is virtually impossible to create a completely objective system because human judgment is an important component of the evaluation process. So, when employees perceive an error has been made, there should be a mechanism through which this can be corrected. Establishing an appeals process through which employees can challenge what may be unjust decisions is an important aspect of a good performance management system.

**Standardization;** As noted above, good systems are standardized. This means that performance is evaluated consistently across people and time. To achieve this goal, the ongoing training of the individuals in charge of appraisals, usually managers, is a must.

**Ethicality;** Good systems comply with ethical standards. This means that the supervisor suppresses her personal self-interest in providing evaluations. In addition, the supervisor evaluates only performance dimensions for which she has sufficient information, while respecting the privacy of the employee.

### **2.3. Why We Need Performance Management System?**

According to Armstrong (2006) performance management arrived in the later 1980s partly as a reaction to the negative aspects of merit rating and management by objectives. Performance management system strength lays because of it's an integrated approach to managing performance on a continuous basis unlike performance appraisal. Through proper implementation of performance management system, motivation to perform is increased, Self-esteem is increased, managers gain insight about subordinates, the job definition and criteria are clarified, self-insight and development are enhanced, personnel actions are more fair and appropriate, organizational goals are made clear, employees become more competent, there is better protection from lawsuits, there is better and timeline differentiation between good and poor performers, supervisors' views of performance are communicated more clearly and organizational change is facilitated (James and Manuel, 2009).

## **2.4 Purpose of Performance Management System**

According to (Cleveland and Murphy, 1989) as cited by (Agunis, 2009) performance management system can serve as a strategic, administrative, communication, developmental, organizational maintenance and documentation purpose. Here below will be seen in brief

### **1. Strategic purpose**

Key desired behavior is a crucial factor for the success of the organization. For this reason, organizational goal should be consistent with the individual goals so as to reinforce behavior that is consistent with the goal of the organization. Even if the alignment didn't bring the achievement of some of the objective of the individual, it can serve as a way to communicate critical business strategic issues.

### **2. Administrative purpose**

Performance management system can help in gathering important information useful to make administrative decisions such as salary adjustments, promotions, employee retention or termination, recognition of superior individual performance, identification of poor performers, layoffs, and merit increases. If an organization does not have proper performance management system, administrative decisions will be based on personal intuition, politics and otherwise biased decision.

### **3. Communication purpose.**

A performance management system can serve as a communication tool to transfer important information across the organization. The employees can be informed on how well they are doing and receive information in the area which they require improvement. As a strategic tool, performance management system can help transfer organization and supervisors expectation to the employees of the organization.

### **4. Developmental purpose.**

As an important component of a performance management system, feedback can be useful for managers to coach employees and continuously manage the performance of individual. Feedback allows pointing the strength and the weakness along with the reason for the cause of weakness, which could attribute to the individual, group or other factors. In the other hand, developmental purpose can also help individuals to receive information that can develop their carrier paths.

### **5. Organizational maintenance purpose.**

In the absence of performance management system, it's difficult to conduct talent inventory and evaluate the effectiveness of human resource management interventions. Through performance management system, talent inventories can be carried out and it is also possible to assess the impact of human resource management intervention. Talent inventory means the assessment of the skills, abilities, assignment histories and promotional potential of the current employees.

### **6. Documentation purpose.**

Through performance management systems organizations can collect valuable information that can be used for several documentation purposes. Gathering performance data can be used to validate newly proposed selection instruments and used also in the case litigation.

## **2.5 Performance Management Process**

Performance management system include the following process (Agunis, 2005)

### **Stage 1: Prerequisites**

The first stage in performance management system is the prerequisites stage. At this stage knowledge of the organization's mission and strategic goals and knowledge of the job in question is very important. If there is a lack of clarity regarding where the organization wants to go or the relationship between the organization's mission and strategies and each of its unit's mission and strategies is not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there. Once the goals for the entire organization have been established, goals compatible with the organization mission and vision will be cascade downward until each employee has a set of goals compatible with those of his or her unit and the organization goals. The other important prerequisite before a performance management system implemented is to understand the job in question through job analysis.

### **Stage 2: Performance Planning**

The aim of performance planning is for employees to have a deeper knowledge of the performance management system. In this stage, at the beginning of each performance cycle, the supervisor and the employee meet to discuss and reach an agreement on what needs to be done and how it should be done. This performance planning discussion includes results, behaviors and development plan.

**Results.** Results refer to what needs to be done or the outcomes an employee must produce along with key accountabilities or broad areas of a job for which the employee is responsible for producing results. A discussion of results also includes specific objectives that the employee will achieve and performance standards. A performance standard is minimum acceptable performance expected from employee.

**Behaviors** . Solely emphasis on results can give an incomplete picture of employee performance in the 21<sup>st</sup> - century organization where the organization structure more look like a web instead of a hierarchical organization chart as of the 20<sup>th</sup> century.

**Development plan.** An important step before the review cycle begins is for the supervisor and employee to agree on a development plan. At a minimum, this plan should include identifying

areas that need improvement and setting goals to be achieved in each area. Development plans usually include both results and behaviors. Achieving the goals stated in the development plan allows employees to keep abreast of changes in their field or profession.

Apart from Agunis, (Armstrong,2009) also confirm that that planning part of the performance management sequence involves the agreement between the manager and the individual of how the latter is expected to perform in terms of results and behaviors.

### **Stage 3: Performance Execution**

When the review cycle begins the employee will do his/her best to produce the result and show the desired behaviors agreed on and also work on the development needs. For this process the employee will take a primary responsibility but it does not mean that the employee participation begin at this stage. Instead the employee needs to participate in development of job description, performance standards, and the creation of the rating form. Moreover, at the coming stages employees should be active participants in the evaluation and performance review process.

At this process supervisor has its own part to play and take the primary responsibility for the following issue listed below:

- **Observation and documentation.** Supervisors must observe and document performance on a daily basis. It is important to keep track of examples of both good and poor performance.
- **Updates.** As the organization's goals may change, it is important to update and revise initial objectives, standards, and key accountabilities and competency areas.
- **Feedback.** Feedback on progression toward goals and coaching to improve performance should be provided on a regular basis, and certainly before the review cycle is over.
- **Resources.** Supervisors should provide employees with resources and opportunities to participate in development activities.
- **Reinforcement.** Supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress toward goals. Also, supervisors should provide feedback regarding negative performance and how to remedy the observed

problem. Apart from communicating about negative performance and how to solve the existing problem, negative performance should be identified early and the necessary action should be taken to mitigate the problem. Combined effect of three different factors, managers must find information that will allow them to understand whether the source of the problem is declarative knowledge, procedural knowledge, motivation, or some combination of these three factors.

#### **Stage 4: Performance Assessment**

At this process both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed and whether the desired results have been achieved. Performance information can be collected from various sources such as peers and subordinates but mostly direct supervisor provides the information. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved. It is important that both the employee and the manager take ownership of the assessment process. The manager fills out his or her appraisal form, and the employee should also fill out his or her form. The fact that both parties are involved in the assessment provides good information to be used in the review phase. When both the employee and the supervisor are active participants in the evaluation process; there is a greater likelihood that the information will be used productively in the future.

#### **Stage 5: Performance Review**

In the performance review stage, employee and manager meet to review on their assessments which is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. Providing feedback in an effective manner is extremely important because it leads not only to performance improvement but also to employee satisfaction with the system.

Additionally, Armstrong (2009) stated that although performance management is a continuous process, it is still useful to have a formal review once or twice yearly. This provides a focal point for the consideration of key performance and development issues. During performance review meeting the five primary performance management elements of agreement, measurement, feedback, positive reinforcement and dialogue can be put to good use and it involves some form of assessment.

### **Stage 6: Performance Renewal and Recontracting**

The final stage is called renewal and recontracting and this process is identical to the performance planning component with the main difference is that the renewal and recontracting stage uses the insights and information gained from the other phases. The performance management process includes a cycle that starts with prerequisites and ends with performance renewal and recontracting. The cycle is not over after the renewal and recontracting stage instead the process starts all over again.

### **2.6 Values of Performance Management**

As per Winstanley and Stuart-Smith (1996), Performance management values are based on the ethical principles of respect for the individual, mutual respect, procedural fairness and transparency. The values refer to beliefs that:

- The management of the organization has the overriding responsibility for creating the conditions in which high performance is achievable.
- Everyone is concerned with the improvement of performance; it is the joint responsibility of managers and their teams and they are mutually dependent on one another to attain this purpose.
- People should be valued for what they are as well as what they achieve.
- The needs of individuals as well as those of the organization must be recognized and respected
- Individuals should be given the opportunity to express their views about the objectives they are expected to achieve.

- Individuals should understand and agree to the measures used to monitor their performance and should be able to track their own performance against those measures.
- Individuals have the right to obtain feedback on their performance and to comment on that feedback.
- Individuals should know how and why decisions affecting them emerging from performance reviews have been made, and should have the right to appeal against those decisions.
- The focus should be on developing performance rather than merely managing it. Priority should therefore be given to the developmental aspects of performance management.

### **2.7 Role of Line Managers in Performance Management System**

As per Armstrong (2009), line managers are responsible for performance management. They are responsible to achieve results through people and therefore have to manage the performance of their people. Line managers play a crucial role in each stage of the performance management cycle. At the planning and performance agreement stage they agree with team members their roles, goals and performance improvement and personal development plans. They manage performance throughout the year by monitoring achievements against the plan, providing feedback and coaching as necessary. At the review stage they conduct formal review meetings and provide formal feedback as the basis for forward planning.

To do all this they need the following skills:

- Defining key result areas, goals and competency requirements;
- Identifying and using performance measures;
- Giving and receiving feedback;
- Taking part in review meetings and ensuring that there is a proper dialogue that enables the manager and the individual jointly, frankly and freely to discuss performance requirements and learning needs;
- Identifying learning needs and preparing and implementing personal development plans;
- Diagnosing and solving performance problems (managing poor performance);
- Coaching

### **2.8 Conceptual Framework**

Based on the work of Smither and London (2009) and Aguinis (2005), the researcher able to construct conceptual framework for this particular study. According Smither and London (2009),

when the performance management system first implemented it needs to pass certain stages starting from the prerequisites to the final stage of renewal and recontracting. As per Agunis (2005) the performance management system serves at least six purposes and identifies characteristics of performance management system that can make the system to function in a better way.

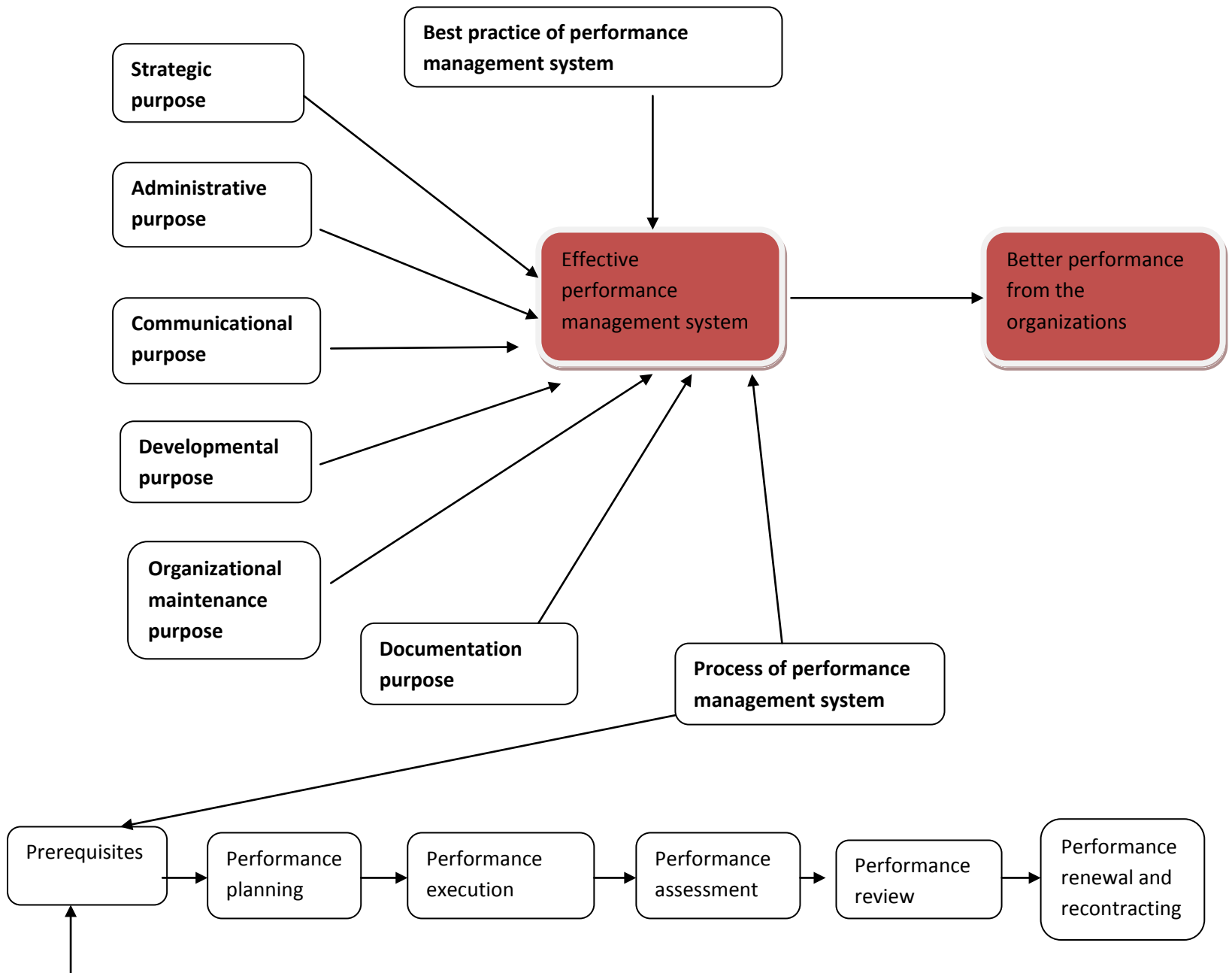


Figure 1. Conceptual Framework

## CHAPTER THREE: METHODOLOGY

### 3.1 Research Design and Methodology

Concepts that are use full for understanding of the performance management system were identified. For each concept dimensions were listed that are capable of measuring and simplifying the concept. One of the concept used for this particular study is the purpose of performance management system, according to (Cleavland and Murphy,1989) cited in (Agunis,2009), performance management system can serve six purpose; strategic, administrative, communication, developmental, organizational maintenance, and documentation. Below is the list of dimension used for this study

- The link of organizational goal to individual goal
- The capacity of the organizations performance management system to serve as a source of valid and useful information for making decision on pay, identification of poor performers, layoffs ,demotions etc.
- The system ability to inform employees on how well they are doing
- The system ability to inform employees about supervisors and organization exceptions as well as what aspect of work supervisors believes is most important
- Whether the system allows managers to coach their employees and help them improve performance on ongoing basis.
- Whether the performance management system yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs and evaluating performance achievements at the organizational level
- Whether the system yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions.

The other concept this research interested is in the process of the performance management system. The process of performance management system can be classified in different stages namely prerequisites, performance planning, performance execution, performance assessment, performance review, performance renewal and recontracting (Agunis,2009).In each stages

different dimension wear identified and used as a measuring tool. These dimensions are listed below

#### Prerequisites

- Employees knowledge of their organization mission, goals and objective
- Clear definition of job duties and responsibilities as per the understanding of the employee

#### Performance planning

- Whether the process and objective of the performance management system of the organization are described to the employees
- Employees participation with their managers in performance planning
- Agreement between employees and supervisors on how performance will be measured

#### Performance assessment

- Measurement of performance based on agreement reached
- Employees agreement on performance assessment

#### Performance review

- Whether employees views are respected by supervisors or not
- To check plan for the future and employee development progress were a part of discussion during performance review stage
- The ability of feedback to improve employees performance

Apart from the performance management system process and purpose, finding best practice in the organization is also the objective of this study. As dimension for measurement were identified for the above two cases, similarly dimensions were also identified for this case based on Agunis (2005) work. Such dimensions are

- The measurement of the employees major job responsibilities and the relevance of the evaluation criteria
- The existence of feedback on the positive as well as the negative aspect of employees performance
- Assessment of employees performance on those areas they can control
- Employees knowledge of organization and supervisor expectation
- The ratings of employees performance received perceived as fair relative to work they have performed

- Supervisors self-interest in providing evaluation
- Whether supervisors evaluates performance dimensions in the area which he or she has sufficient information
- The existence of an appealing procedure, if employees are not content with the assessment result
- The existence of self-evaluation practice before evaluation meeting
- Whether all employee were evaluated or not
- The system usefulness and ease for decision making
- The capacity of the system to provide information about effective and ineffective performances of employees
- The consistency of the system
- The availability of training on how to improve supervisors evaluation skill

Based on the dimensions listed above, separate questioners were developed for both the supervisors and non-supervisors of the organizations.

Considering the total population, sample size was determined. After sample size was determined, appropriate sampling technique was applied and the data collection activity was done accordingly. Subsequent to relevant data gathering through questioner, appropriate analysis was done by the support of Statistical Package for Social Scientists software. As per the analysis, conclusion and recommendation for the organizations are forwarded.

### **3.2. Sample Size**

The sample size was determined by using Solvin formula (Unan, 2012). Here below shows how sample size was determined using solvin formula,

$$n = N / (1 + Ne^2)$$

n= Number of sample

N=Total

e = Error tolerance

### **Table 1. Total Population**

No	Organization	Number of employees		Population size for this research
1	Nighat Mechanical S.C	Supervisor	15	174
		Non supervisor	159	
2	SINTEC Ethiopia PLC	Supervisor	14	167
		Non supervisor	153	
3	Techtera Engineering PLC	Supervisor	13	161
		Non supervisor	148	
Total Population				502

**Table 2. Sample Size**

No	Position	Total Population	Sample Size $(n = N / (1 + Ne^2))$ at 5% of error of tolerance
1	Supervisor	42	38
2	Non Supervisor	460	214
<b>Total Population</b>			<b>252</b>

From the total population 38 sample size for supervisor and 214 for non-supervisor has been determined and proportionally distributed to all organizations based on the number of employee they have. Accordingly, 12 questionnaires were distributed for supervisors working for Techtera Engineering PLC. For supervisor working for Sintec Ethiopia plc and Nighat Mechanical S.C, 13 questionnaires were distributed for each organization. Regarding to employees, 74 , 71 and 69 questionnaires was distributed to Nighat Mechanical S.C, SINTEC Ethiopia PLC and Techtera Engineering respectively.

### 3.3. Sampling Techniques

For this particular research, stratified random sampling technique was applied. Classifying the sample size into strata based on some characteristics has the ability to increase the representativeness of the sample. For this reason, the technique was chosen for this particular research.

In each organization, the sample size was proportionally distributed to the organizations functional departments. Here below shows the sample size distribution to functional departments of the organizations.

**Table 3. SINTEC ETHIOPIA PLC**

Departments	Number of employee in each department		Proportionate sample size from stratum	Sample size from each department
Engineering department	Supervisor	2	Supervisor= $2/14*13$	Supervisor=2
	Non Supervisor	4	Non supervisor= $4/153*71$	Non supervisor=2
Sales department	Supervisor	4	Supervisor= $4/14*13$	Supervisor=4
	Non Supervisor	17	Non supervisor= $17/153*71$	Non supervisor=8
Production department	Supervisor	6	Supervisor= $6/14*13$	Supervisor=5
	Non Supervisor	124	Non supervisor= $124/153*71$	Non supervisor=57
Finance and administration	Supervisor	2	Supervisor= $2/14*13$	Supervisor=2
	Non Supervisor	8	Non supervisor= $8/153*71$	Non supervisor=4

**Table 4. NIGHAT MECHANICAL S.C.**

Departments	Number of employee in each department		Proportionate sample size from stratum	Sample size from each department
Human resource department	Supervisor	2	Supervisor= $2/15*13$	Supervisor=2
	Non Supervisor	11	Non supervisor= $11/159*74$	Non supervisor=5
Finance and property administration	Supervisor	3	Supervisor= $3/15*13$	Supervisor=2
	Non Supervisor	15	Non supervisor= $15/159*74$	Non supervisor=7
Marketing	Supervisor	2	Supervisor= $2/15*13$	Supervisor=2
	Non Supervisor	5	Non supervisor= $5/159*74$	Non supervisor=2
Production And maintenance	Supervisor	8	Supervisor= $8/15*13$	Supervisor=7
	Non Supervisor	128	Non supervisor= $128/159*74$	Non supervisor=60

**Table 5. TECHTERA ENGINEERING PLC**

Departments	Number of employee in each department		Proportionate sample size from stratum	Sample size from each department
Metal Engineering department	Supervisor	2	Supervisor= $2/13*12$	Supervisor=2
	Non Supervisor	9	Non supervisor= $9/143*69$	Non supervisor=4
Electro	Supervisor	5	Supervisor= $5/13*12$	Supervisor=4

mechanical department	Non Supervisor	108		Non supervisor=108/143*69	Non supervisor=52
Finance & administration	Supervisor	3		Supervisor=3/13*12	Supervisor=3
	Non Supervisor	13		Non supervisor=13/143*69	Non supervisor=6
Sales and marketing	Supervisor	2		Supervisor=2/12*12	Supervisor=2
	Non Supervisor	7		Non supervisor=7/143*69	Non supervisor=4
Procurement and supplies	Supervisor	1		Supervisor=1/13*12	Supervisor=1
	Non Supervisor	6		Non supervisor=6/143*69	Non supervisor=3

### 3.4. Method of Data Collection

To collect data relevant for this research, primary source of data collection technique was applied. From primary source of data gathering, questionnaire was selected as an instrument to conduct the research. An Amharic version of questionnaire was distributed to employees as well as those that are in supervisory position. The questionnaire was designed in a closed ended form.

### 3.5. Data Analysis Method

After the data gathered through closed ended questionnaires from the sample of the respondents, the data was interpreted by using descriptive statistics. The descriptive analysis such as frequency and percentage was calculated by the use of computer software called Statistical Package for Social Scientists.

### 3.6. Validity and Reliability of the Instrument

In regard to the purpose and process of performance management system, a question adopted from previous researches is used for this study. In the aspect of overall assessment, questions were developed by the researcher. For the self-developed questions, pilot test was conducted and important comments from employees were incorporated on the final instrument. Additionally for

translation of the questioner from English to Amharic, professionals' service of translators was used and before distribution it was approved by the advisor of this research paper. This will expect to address the issue of content validity. As far as reliability is concerned, Cronbach's coefficient alpha was calculated and the result shows 0.906. Nunnally (1978) stated that the threshold value is 0.65. Hence, the instrument can be considered as a reliable instrument.

**Table 6. Reliability Statistics**

Cronbach's Alpha	N of Items
.906	38

### **3.7. Ethics**

The importance of ethics to a research is well understood by the researcher. The data gathering and analysis was done purely based on the demand of the research not by the personal interest of the researcher. This ascertains that the process is realistic and free from bias. Moreover the researcher tries to convince the respondent and the organizations, the significance of the research and pledge not to disclose any information they provide to another party.

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

### 4.1 General Information of the Respondents

Questioners designed for this particular research were distributed to 38 supervisors and 214 non-supervisors as per previous chapter sample size determination part. However, 7 questioners from supervisors and 41 from non-supervisors were not returned to the researcher. From the total questioners distributed, 81% of the questioners were filled by the respondent and returned to the researcher. Hence, 31 supervisors and 173 non-supervisors took part in this research.

### 4.2 Demographic Characteristics of the Respondents

As the table shown below indicates, 157(77%) male and 47(23%) female participate as a respondent in the research. In terms of work experience in the organizations, most of the respondents have been working in the organizations between 3 to 5 years, followed by those employees who have served the organizations between 1 to 3 years, above 7 years and 5 to 7 years. Also the Table below shows 36.3% respondents were Diploma holders while the Masters holders accounted to 1% of the total respondents. The table also shows that more than 80% of the respondents have an educational background below first degree.

**Table 7. Demographic Characteristics of the Respondents**

	Supervisors		Non- Supervisors		Total
	Frequency	Percentage (%)	Frequency	Percentage (%)	
<b>1. Number of respondents</b>	31	16	173	84	<b>204</b>

<b>Male</b>	26	84	131	76	<b>157</b>
<b>Female</b>	5	16	42	32	<b>47</b>
<b>2. Age</b>					
<b>Below 25</b>	2	6	24	14	<b>26</b>
<b>26-35</b>	11	36	81	47	<b>92</b>
<b>36-45</b>	15	48	65	38	<b>80</b>
<b>46-55</b>	3	10	3	1	<b>6</b>
<b>Above 56</b>					
<b>3. Educational background</b>					
<b>10+1</b>	0	0	0	0	<b>0</b>
<b>10+2</b>	0	0	12	7	<b>12</b>
<b>10+3</b>	1	3	33	19	<b>34</b>
<b>12 Completed</b>	0	0	21	12	<b>21</b>
<b>Diploma</b>	12	39	62	36	<b>74</b>
<b>Advance Diploma</b>	3	10	22	13	<b>25</b>
<b>First degree</b>	13	42	23	13	<b>36</b>
<b>Master degree</b>	2	6	0	0	<b>2</b>
<b>PhD</b>					
<b>4. Years of experience</b>					
<b>1-3</b>	9	29	45	26	<b>54</b>
<b>3-5</b>	7	23	60	35	<b>67</b>
<b>5-7</b>	2	6	26	15	<b>28</b>
<b>7 years and above</b>	13	42	42	24	<b>55</b>

### 4.3 Prerequisites

At prerequisites stage, knowledge of the organization as well as the job in question is important. Accordingly, questions asked to supervisors and non-supervisors with the aim of finding their knowledge of the organization as well as the job in question.

#### 4.3.1 Organization Mission, Goals and Objectives

As per the table shown below indicates, 13(41.9%) of supervisors agree and 2(6.5%) strongly agree that the organization mission, goals and objectives is clear to them .4(12.9%) supervisors respond that they are not sure whether they clearly know their organizations mission, goals and objectives. For the same question, 6(19.4%) of the supervisors respond that they disagree and

other respondents which accounted to 6(19.4%) of supervisors choose to strongly disagree. Regarding to non-supervisors response to the same question, the majority 81(46.8%) respondents agree and 19(11%) strongly agree that they clearly know their organization mission, goals and objectives. 16(9.2%) non-supervisors replied strongly disagree, 14(8.1%) disagree and 43(24.9%) not sure respectively to the question mentioned below. From the above data it can be seen that the majority have a good knowledge about the organizations but still significant portion of the respondents do not clearly know about their organizational mission, goals and objectives. Lack of knowledge about the organization may create behavior that is not consistent with the objective of the organizations. Since form the total respondent 115(56.4%) of the respondents agree for the question mentioned in table 8, it can be conclude that the employees of the organizations clearly know their organization mission, goals and objectives.

**Table 8. Organization mission, goals and objective**

Q.1 My organization mission, goals and objective is clear to me		Strongly disagree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	6	6	4	13	2	31
	%	19.4	19.4	12.9	41.9	6.5	100
Non-supervisors	Frequency	16	14	43	81	19	173
	%	9.2	8.1	24.9	46.8	11	100
Total	Frequency	22	20	47	94	21	204
	%	10.8	9.8	23	46.1	10.3	100

(Source: Sample survey April, 2015)

#### 4.3.2 Definition of Job Duties and Responsibilities

From the table shown below we can observe that 11(35.5%) and 5(16.1%) of supervisors confirm that their job duties and responsibilities clearly defined to their understanding by responding as agree and strongly agree respectively on the questioner presented to them. for the same question 9(29%) of the respondents strongly disagree and 3(9.7%) disagree with the issue. Whereas 3(9.7%) of supervisors respond that they are in doubt to decide that their job duties and responsibilities were defined to their understanding. The same questioner was presented to non-supervisors. The response for the question were, majority of the respondent which is 93(54.1%)

agree whereas 24(14%) strongly agree that their job duties and responsibilities clearly defined as per their understanding. while 25(14.5%) respondent strongly disagreed for the above question, 19(11%) of the supervisor disagreed that their job duties and responsibilities were clearly defined as per their understanding. The remaining which is 11(6.4%) of the respondents were in doubt to believe that their job duties and responsibilities clearly defined as per their understanding. From that total response of supervisors and non-supervisors, 133 (65.5%) respondents believe that their job duties and responsibilities were clearly defined as per their understanding. Hence, it can be conclude that job duties and responsibilities were defined as per the understanding of employees in the selected organizations.

**Table 8. Respondents Job Duties and Responsibilities**

<b>Q.2 My job duties and responsibilities are clearly defined to my understanding</b>		<b>Stronglydis- agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>9</b>	<b>3</b>	<b>3</b>	<b>11</b>	<b>5</b>	<b>31</b>
	%	29	9.7	9.7	35.5	16.1	100
Non-supervisors	Frequency	<b>25</b>	<b>19</b>	<b>11</b>	<b>93</b>	<b>24</b>	<b>172</b>
	%	14.5	11	6.4	54.1	14	100
Total	Frequency	<b>34</b>	<b>22</b>	<b>14</b>	<b>104</b>	<b>29</b>	<b>203</b>
	%	16.7	10.8	6.9	51.2	14.3	100

(Source: Sample survey April, 2015)

#### **4.4 Performance Planning**

The aim of performance planning is for employees to have a deeper knowledge of the performance management system. At this stage, the process and objective of the performance management system of the organization is described to the employees. Additionally, employees will participate with their supervisors in performance planning and reached an agreement on how performance will be measured. In line with this, respondents were asked whether the performance planning correctly practiced in their organizations or not.

#### 4.4.1 Process and Objective of the Performance Management System

From the response gathered through the questioners, 20(64.5%) of supervisors respond as agree while 3(9.7%) of them respond strongly agree that the process and objective of their organization performance management system was described to them. while 6(19.4%) of supervisors disagree for the same question, only 2(6.5%) of the supervisors were not sure whether their organization performance management system was described to them or not. The same question was asked to non-supervisors. Referring the table shown below, we can see that most respondents 102(59.3%) agree and 23(13.4%) strongly agree that the organization performance management system was described to them. Out of the total respondent, 26(15.1%) of the respondents do not believe that the organization performance management system was described to them and the remaining which is 21(12.2%) of respondents were reserved from agreeing or disagreeing with the issue. In line with the above analysis, it can be infer that the process and objective of the organization performance management system was described to the employees of the organizations.

**Table 9. Process and Objective of Performance Management System**

<b>Q.3</b> The process and objectives of the performance management system of my company are described to me		<b>Stronglydis- agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>0</b>	<b>6</b>	<b>2</b>	<b>20</b>	<b>3</b>	<b>31</b>
	%	.0	19.4	6.5	64.5	9.7	100
Non-supervisors	Frequency	<b>1</b>	<b>25</b>	<b>21</b>	<b>102</b>	<b>23</b>	<b>172</b>
	%	.6	14.5	12.2	59.3	13.4	100
Total	Frequency	<b>1</b>	<b>31</b>	<b>23</b>	<b>122</b>	<b>26</b>	<b>203</b>
	%	.5	15.3	11.3	60.1	12.8	100

(Source: Sample survey April, 2015)

#### 4.4.2 Participation in Goal Setting

From the table 10 we can observe that,11(35.5%) of the supervisors agreed that they have participated on the process of setting goals to their job with their supervisors and almost equal portion of the respondents 10(32.3%)strongly believe with the above issue. 3(9.7%) of supervisors strongly disagreed that they have participated on the process of setting goals to their job with their supervisors and 2(6.5%) of supervisors disagreed that they have participated on the process of setting goals to their job with their supervisors. The remaining 5(16.1%) of supervisors respond that they were not sure to agree or disagree with the subject. Regarding to non-supervisors, 94(54.3%) of non-supervisors agreed and 37(21.4%) strongly agreed that they have participated on the process of setting goals to their job with their supervisors. While 21(12.1%) disagreed that they have participated on the process of setting goals to their job with their supervisors and the remaining 21(12.1) were in doubt to agree or disagree. Since the majority 152(74.5%) of the respondents agreed that they have participated on the process of setting goals to their job with their supervisors, it can be generalize that employees working in these organizations have a say in setting goals related to their job.

**Table 10. Participation in Goal Setting**

<b>Q.4 My supervisors and I participated in the process of setting goal to my job</b>		<b>Strongly dis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>2</b>	<b>5</b>	<b>11</b>	<b>10</b>	<b>31</b>
	%	9.7	6.5	16.1	35.5	32.3	100
Non-supervisors	Frequency	<b>14</b>	<b>7</b>	<b>21</b>	<b>94</b>	<b>37</b>	<b>173</b>
	%	8.1	4	12.1	54.3	21.4	100
Total	Frequency	<b>17</b>	<b>9</b>	<b>26</b>	<b>105</b>	<b>47</b>	<b>204</b>
	%	8.3	4.4	12.7	51.5	23	100

(Source: Sample survey April, 2015)

#### **4.4.3 Participation in Performance Planning**

As the table below indicates, most supervisors accounted for 17(54.8%) of the respondents agree and 4(12.9%) of the respondent strongly agree with the issue of participation in performance planning. 1(3.2%) of the total respondent face difficulty to agree or disagree with practice of participation in performance planning. While 9(29%) of the respondent disagree that they have participated with their supervisor's in performance planning stage. Concerning non-supervisors, most of the respondent agreed with the non-supervisors with the issue of participation in performance planning and table below can be shown as an evidence for that.73(42.2%) of respondents were in favor of participation and 23(13.3%) strongly agreed that they have participated in performance planning stage. Still 36(20.8%) of the respondents were not convinced that they have allowed to participate in performance planning, similarly 7(4%) of the respondents strongly disagreed that they have allowed to participate in performance planning. The remaining 34(19.7%) neither agree nor disagree with the issue on hand. Hence, from the analysis we have done for both supervisors and non-supervisors response, it can be conclude that employees participate in performance planning.

**Table 11. Participation in Performance Planning**

Q.5 My supervisor give me a chance to participate in performance planning		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	0	9	1	17	4	31
	%	0	29	3.2	54.8	12.9	100
Non-supervisors	Frequency	7	36	34	73	23	173
	%	4	20.8	19.7	42.2	13.3	100
Total	Frequency	7	45	35	90	47	204
	%	3.4	22.1	17.2	44.1	13.2	100

(Source: Sample survey April, 2015)

#### 4.4.4 Agreement on How Performance Will Be Measured

As the tables below shows, most supervisors which accounted to 18(58.1%) respond that they have reached an agreement with their supervisors on how performance will be measured. However, around 29.1 % (19.4% agreed and 9.7% disagreed) of the supervisors chosen for this research resort to disagree believing that they have not reached an agreement with their supervisors on how performance will be measured. While the rest of the respondents, which is 4(12.9%) of the respondents uncertain to agree or disagree with the question presented to them on whether they have reached an agreement with their supervisors or not. Similarly non-supervisors response were analyzed by referring to table 12 .As the table below indicate, 10(5.8%) of respondents strongly disagreed for the above question. 29(16.8%) replied as disagree because they believe that they have not reached an agreement with the supervisors on how performance will be measured. Whereas 32(18.5%) were not sure which one to choose. On the other hand, most respondent which is 64.7% (agree57.2% and 7.5%strongly agree) agree that they have reached an agreement with their supervisors on how performance will be measured. As it can be seen from the response of the respondents, the majority 130(63.8%) agree that they have reached an agreement with their supervisors on how performance should be measured.

**Table 12. Agreement with Supervisors on How Performance to Be Measured**

<b>Q.6 I reach an agreement with my supervisor on how performance will be measured</b>		<b>Stronglydisagree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>6</b>	<b>4</b>	<b>18</b>	<b>0</b>	<b>31</b>
	%	9.7	19.4	12.9	58.1	0	100
Non-supervisors	Frequency	<b>10</b>	<b>19</b>	<b>32</b>	<b>99</b>	<b>13</b>	<b>173</b>
	%	5.8	11	18.5	57.2	7.5	100
Total	Frequency	<b>13</b>	<b>25</b>	<b>36</b>	<b>117</b>	<b>13</b>	<b>204</b>
	%	6.4	12.3	17.6	57.4	6.4	100

(Source: Sample survey April, 2015)

#### **4.5 Performance Assessment**

At this stage supervisors and the non-supervisors are responsible for evaluating the extent to which the desired behaviors have been displayed and whether the desired results have been achieved. In this stage two issues are important:

- Whether the performance assessment was done based on the agreement reached between employees and supervisors
- Whether employees agreed or not with the assessment result

##### **4.5.1 Performance Measurement Based On Agreement Reached With Supervisors**

As the table below indicates, 14(45.2%) of supervisors neither agree nor disagree that their performance was measured based on the agreement they reached with their supervisors. While 10(32.3%) of supervisors shows their level of disagreement, 7(22.6%) of supervisors agree that their performance was measured based on the agreement they reached with their supervisors. Regarding to non-supervisors response, 107(61.8%) agree that their performance was measured based of the agreement they have reached with their supervisors. 29(16.8%) of the respondent shows their level of disagreement on the issue. Other non-supervisors which accounted to 37(21.4%), neither agree nor disagree with the issue that their performance was measured based on the agreement they reached with their supervisors. If we analyze the response of the supervisors and non-supervisors, we can see that most non-supervisors agree while most supervisors were not sure about the issue. Here we can clearly see that there is a gap on in terms of measuring the performance of supervisors based on the agreement reached with their immediate supervisors. However, out of the total response for this question that includes both supervisors and non-supervisors, 114(55.8%) agree that the performance measured based on the agreement they have reached with their supervisors. Hence, it can be seen that the employee of the organizations performance is measured based on the agreement they have reached with their supervisors.

**Table 13. Performance Measurement Based On the Agreement**

Q.7 My performance was measures based on the agreement I set with my supervisor		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	3	7	14	7	0	31
	%	9.7	22.6	45.2	22.6	0	100
Non-supervisors	Frequency	10	19	37	81	26	173
	%	5.8	11	21.4	46.8	15	100
Total	Frequency	13	26	51	88	26	204
	%	6.4	12.7	25	43.1	12.7	100

(Source: Sample survey April, 2015)

#### 4.5.2 Accuracy of Performance Rating

As the table below indicates, most supervisors 15(48.4%) were in doubt to agree or disagree that the rating they have received was accurate. On the other side, 4(12.9%) supervisors shows their disagreement believing that the performance rating they have received was not accurate and the rest of the supervisors which account to 38.7 %(29% agree and 9.7% strongly agree) agree with the above issue. Regarding non supervisors response to the same question, we can see that 73(42.4%) agree and 36(20.9%) strongly agree with the accuracy of the rating they have received. While 44(25.6%) of non-supervisors respond that they cannot be sure with the accuracy of the performance rating they have received, other supervisors accounted for 19(11%) disagree with the issue on hand. From the total response, the majority of respondents accounted which accounted to 129(59.6%) agree with the accuracy of the rating system they have received. Hence, it can be conclude that the performance rating seems accurate.

**Table 14. Fairness of Performance Rating**

Q.8 The performance rating I received was accurate		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	0	4	15	9	3	31
	%	0	12.9	48.4	29	9.7	100
Non-supervisors	Frequency	10	9	44	73	36	173
	%	5.8	5.2	25.6	42.4	20.9	100
Total	Frequency	10	13	59	82	39	204
	%	4.9	6.4	29.1	40.4	19.2	100

(Source: Sample survey April, 2015)

#### 4.6 Performance Review

At this stage employees and supervisors meet to review on their assessment which is usually called the appraisal meeting or discussion. In this aspect this research wants to investigate;

- Whether employees views are respected by supervisors or not
- Plan for the future and employee development progress were a part of discussion during performance review stage
- Whether the feedback given to the employees was capable of improving their performance or not

##### 4.6.1 Personal Views of Employees

In this regard, above half of supervisors 18(58%) disagree or strongly disagree that their personal view is respected by their managers. While 5(16.1%) supervisors neither agree nor disagree for the same question. On the other side, about 8(25.8%) agree that their personal view is respected by the managers. In addition to supervisors, non-supervisors were asked the same question. Accordingly, 25(14.5%) strongly disagree and 32(18.5%) disagree that their personal view is

respected by their managers. Whereas 66(38.2%) neither agree nor disagree with the issue on hand, the remaining non-supervisors accounted to 50(28.9%) shows their level of agreement that their personal view is respected by their managers. If we see the total response, the level disagreement slightly ahead of the agreement and the not sure response which is 34.8% and 28.5% respectively. Hence, it can be conclude that managers working in the selected organization have a problem of respecting the view of their subordinates.

**Table 15. Personal Views of Employees**

<b>Q.9 Employees personal views are respected by their managers</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>9</b>	<b>9</b>	<b>5</b>	<b>8</b>	<b>0</b>	<b>31</b>
	%	29	29	16.1	25.8	0	100
Non-supervisors	Frequency	<b>25</b>	<b>32</b>	<b>66</b>	<b>36</b>	<b>14</b>	<b>173</b>
	%	14.5	18.5	38.2	20.8	8.1	173
Total	Frequency	<b>34</b>	<b>41</b>	<b>71</b>	<b>44</b>	<b>14</b>	<b>204</b>
	%	16.7	20.1	34.8	21.6	6.9	100

(Source: Sample survey April, 2015)

#### **4.6.2 Employment development**

As table 16 indicates, 64.6% (19.4% strongly disagree and 45.2% disagree) of supervisors disagree that employee development and plan for the future were part of the discussion during performance review. 7(22.6%) of supervisors were neither agree nor disagree that the discussion includes employment development progress as well as plan for the future were a part of discussion during performance review. While the remaining 4(12.9%) shows their level of disagreement. Concerning the response of non-supervisors, 16(9.2%) strongly disagree 54(31.2%) disagree that employment development progress as well as plan for the future were a part of discussion during performance review. Another portion that accounted to 25(14.5%) of non-supervisors neither

agree nor disagree with the issue on hand. Slightly more than the disagreement level, 45.1% of non-supervisors agree that employee development as well as plan the future were a part of discussion during performance review. From total sample figure, it can be seen that the majority 90(44.1%) respondents disagree that employee development and plan for the future were a part of discussion during performance review. Hence, it can be conclude that employee developments as well as plan the future were not a part of discussion during performance review.

**Table 16. Employee Development and Plan for the Future**

Q.10 Employees development progress as well as plan the future are discussed		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	16	14	7	3	1	31
	%	19.4	45.2	22.6	9.7	3.2	100
Non-supervisors	Frequency	16	54	25	58	20	173
	%	9.2	31.2	14.5	33.5	11.6	100
Total	Frequency	22	68	32	61	21	204
	%	10.8	33.3	15.7	29.9	10.3	100

(Source: Sample survey April, 2015)

#### 4.6.3 Feedback for Improving Employee's Performance

From the response gathered through the questioners what we can observe is that, 11(35.5%) of supervisors agree while 8(25.8%) of supervisors disagree that the feedback they received was not capable of improving their performance. The remaining supervisors 12(38.7%) neither agree nor disagree with the subject mentioned above. As the table below shows the response of non-supervisors, we can see that 52.6 % (25.4% agree and 27.2% strongly agree) of non-supervisors shows their level of agreement.38 (26%) of non-supervisors disagree that the feedback they

received capable of improving their performance. The remaining 37(21.4%) neither disagree nor agree with the question mentioned below. But, the total response show that 102(50%) of the respondents agreed that the feedback they received is capable of enhancing their performance. Hence, it's right to conclude that employees working in the selected organizations received useful feedback that is capable of improving their performance.

**Table 17. Feedback for Development Performance**

<b>Q.11 I believe that the feedback I receives during performance review capable of improving my performance</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>0</b>	<b>8</b>	<b>12</b>	<b>11</b>	<b>0</b>	<b>31</b>
	%	.0	25.8	38.7	35.5	0	100
Non-supervisors	Frequency	<b>17</b>	<b>28</b>	<b>37</b>	<b>44</b>	<b>47</b>	<b>173</b>
	%	9.8	16.2	21.4	25.4	27.2	100
Total	Frequency	<b>17</b>	<b>36</b>	<b>49</b>	<b>55</b>	<b>47</b>	<b>204</b>
	%	8.3	17.6	24	27	23	100

(Source: Sample survey April, 2015)

#### **4.7 Purpose of Performance Management System**

As it was discussed in the literature part of research, performance management system can serve six purpose; strategic, administrative, communication, developmental, organizational maintenance, and documentation. In line with the above concept, questions that enables to find out whether the performance management system does serve it purpose or not were asked to supervisors and non-supervisors. In turn each purpose of the performance management system discussed in detail in the following sub -sections.

#### **4.7.1 Strategic Purpose**

As a strategic purpose, performance management system should create alignment between organizational goal and individual goal so that employee can show the desired behavior. In this view, questions asked to supervisors and non-supervisor whether the performance management system of their organizations align their personal goal with the organizational goal.

As the tables 18 shows, 13(41.9%) of supervisor disagree that the organizational performance management system links the organizational goal with their personal goal. 3(9.7%) of the total supervisors respond that they strongly disagree that the organizational performance management system links the organizational goal with their personal goal. Around 9(29%) supervisors neither agree nor disagree for the question mentioned below. While the rest of the supervisors, which is 6(19.4%) of the supervisors do agree that the organizational performance management system links the organizational goal with their personal goal. Similarly, we can observe from the response of non-supervisors is that, 19(11%) strongly disagree and 51(29.5%) disagree that the organizational performance management system links the organizational goal with their personal goal. Whereas 28.3% (20.2% agree and 8.1% strongly agree) shows their level of agreement that the organizational performance management system links the organizational goal with their personal goal. 54 (31.2%) of non-supervisors were not sure to agree or disagree with the subject mentioned above. The total response that includes both supervisors and non-supervisors shows that the majority which is 86(42.2%) of the respondents believe that the organizational performance management system does not link the organizational goal with their personal goal. Therefore, it can be generalized that the organizations performance management system does not link the goal of the organization with the personal goal of employees.

**Table 18. Alignment of Organizational Goal with Personal Goal**

Q.12 My organizational performance management system links the organizational goal with my personal goal		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	3	13	9	6	0	31
	%	9.7	41.9	29	19.4	0	100
Non-supervisors	Frequency	19	51	54	35	14	173
	%	11	29.5	31.2	20.2	8.1	100
Total	Frequency	22	64	63	41	14	204
	%	10.8	31.4	30.9	20.1	6.9	100

(Source: Sample survey April, 2015)

#### 4.7.2 Administrative Purpose

In case of salary adjustments, promotions, employee retention or termination, recognition of superior individual performance, identification of poor performers, layoffs, merit increases; performance management system can play a crucial role. If an organization does not have proper performance management system, administrative decisions will be based on personal intuition, politics and otherwise biased decision.

As the table below indicates, 64.6% of supervisors do not agree that performance result useful for pay decisions. While the 12.9% agree with the above issue, 22.6% of supervisors neither agree nor disagree that performance result was a base for pay decisions. When we come across to the response of non-supervisors, 39.3% agree that performance result is useful for pay decisions. On the other side, 41.6% of the respondent shows their level of disagreement on the issue. Other non-supervisors accounted for 19.1% neither agree nor disagree with the issue of that performance result is useful for pay decisions. If we analyze the response of the supervisors and non-supervisors, we can see that supervisor and non-supervisors have the same opinion on this subject. Looking the total response, we can see that 45.1 % (16.7% agree and 28.4% strongly agree) shows their level of disagreement. Hence, it can be conclude that in the organizations, performance result is not useful for pay decisions.

**Table 19. Performance Result for Pay Decisions**

<b>Q.13</b> In my organization performance results provides basis for pay decisions		<b>Stronglydis- agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>6</b>	<b>14</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>31</b>
	%	19.4	45.2	22.6	12.9	0	100
Non-supervisors	Frequency	<b>28</b>	<b>44</b>	<b>33</b>	<b>54</b>	<b>14</b>	<b>173</b>
	%	16.2	25.4	19.1	31.2	8.1	100
Total	Frequency	<b>34</b>	<b>58</b>	<b>40</b>	<b>58</b>	<b>14</b>	<b>204</b>
	%	16.7	28.4	19.6	28.4	6.9	100

**(Source: Sample survey April, 2015)**

The other issue regarding to administrative decision is that whether the organizations performance management system is a source of valid and useful information for making administrative decision such as identification of poor performer, layoff, demotion etc. Regarding to the subject supervisors response were ,35.5% of the respondents shows the level of disagreement contrary to that 12.9% agree with the question mentioned below. About 51.6% were not sure to agree or disagree that the organizations performance management system is a source of valid and useful information for making administrative decision. Furthermore, 30.6 %( 15% strongly disagree and 15.6% disagree) of non-supervisors agree that the organizations performance management system is a source of valid and useful information for making administrative decision. On the other side, from below table we can clearly see that the majority of non-supervisors accounted for 51.4% agree that their organization performance management system is a source of valid and useful source for making administrative decision. The remaining 17.9% were in doubt to say that their organization performance management system is a source of valid and useful for making administrative decision. From the above analysis we can say that the level of agreement between supervisors and non-supervisors is different. However, the majority of respondents that includes both supervisors and non-supervisors agree with the issue stated above. So, the researcher can

conclude that the performance management system of the organizations is a source of valid and useful or making administrative decisions.

**Table 20. Performance Management System for Making Administrative Decision**

<b>Q.14</b> My organizations performance management system is a source of valid and useful information for making decisions about identification of poor performer, layoffs, demotion etc.		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>7</b>	<b>4</b>	<b>16</b>	<b>4</b>	<b>0</b>	<b>31</b>
	%	22.6	12.9	51.6	12.9	0	100
Non-supervisors	Frequency	<b>26</b>	<b>27</b>	<b>31</b>	<b>82</b>	<b>7</b>	<b>173</b>
	%	15	15.6	17.9	47.4	4	173
Total	Frequency	<b>33</b>	<b>31</b>	<b>47</b>	<b>86</b>	<b>7</b>	<b>204</b>
	%	16.2	15.2	23	42.3	3.4	100

#### 4.7.3 Communication Purpose

As a communicational purpose, performance management system allows employees be informed on how well they are doing and receive information in the area which they require improvement. Furthermore, it can help transfer organization and supervisors expectation to the employees of the organization. Accordingly, questions asked to supervisors and non-supervisors to assess the practice in the selected organizations.

As the table below indicates, most supervisors 16(51.6%) disagree that the organization performance management system gives them information on how well they are doing and the area that may need improvement. On the other side, 8(25.8%) supervisors shows their level of agreement believing that the organization performance management system do gives them information on how well they are doing and specific area that may need improvement regarding to their work performance. While the remaining 7(22.6%) neither agree nor disagree with the

question shown below. Regarding non supervisors response for the same question, we can see that 26(15%) disagree and 26(15%) strongly disagree with the issue. While 54(31.2%) of non-supervisors respond that organization performance management system gives them information on how well they are doing and the area that may need improvement, other non-supervisors accounted for 67(38.7%) agree the above stated issue. The response for the question was evenly distributed that makes concluding difficult on this area. However, since slight majority 75(36.8%) of respondents shows their level of agreement, it can be said that the organizations performance management system gives employees information on how well they are doing and specific area that may need improvement.

**Table 21. Organizational Performance Management System for Feedback Purpose**

<b>Q.15</b> My organizations performance management system gives me information on how well I am doing and specific areas that may need improvement		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>9</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>31</b>
	%	29	22.6	22.6	9.7	16.1	100
Non-supervisors	Frequency	<b>26</b>	<b>26</b>	<b>54</b>	<b>60</b>	<b>7</b>	<b>173</b>
	%	15	15	31.2	34.7	4	173
Total	Frequency	<b>35</b>	<b>33</b>	<b>61</b>	<b>63</b>	<b>12</b>	<b>204</b>
	%	17.2	16.2	29.9	30.9	5.9	100

**(Source: Sample survey April, 2015)**

The other point this research want to know is that, whether the organization performance management system allow employees to learn the organization and supervisor expectation of what aspect of work he/she believes most important. In line with that, question was asked to find out the supervisors and non-supervisors opinion. Accordingly majority of supervisors which are 16(51.6%) respond for the question as not sure. While 9(29.1%) supervisors shows their level of disagreement on the issue, the remaining 6(19.4%) agree that the organization performance management system allows them to learn the organization and supervisors expectation of what

aspect of work is important to them. Slightly more than the not sure and the agree response, most supervisors which accounted to 72(41.6%) agree that organization performance management system allow employees to learn about the organization and supervisors expectation of what aspect of work he/she believes most important. while 52(30.1%) and 49(28.3%) non-supervisors replied not sure and disagree receptively with the issue. looking the total response, slightly more than the not sure and the agree response, 78(38.2%) agree that the organization performance management system allows them to learn the organizations and supervisors expectation of what aspect of work is important to them. Hence, its right to conclude that the organization performance management system allows employees of the organizations to know about their organization and supervisor’s expectation of what aspect of work is important to them.

**Table 22. Organizations and Supervisors Expectations**

<b>Q.16 My organizations performance management system allows me to learn about the organization and supervisors expectation of what aspect of work he/she believes important</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>6</b>	<b>16</b>	<b>6</b>	<b>0</b>	<b>31</b>
	%	9.7	19.4	51.6	19.4	0	100
Non-supervisors	Frequency	<b>18</b>	<b>31</b>	<b>52</b>	<b>65</b>	<b>7</b>	<b>173</b>
	%	10.4	17.9	30.1	37.6	4	173
Total	Frequency	<b>21</b>	<b>37</b>	<b>68</b>	<b>71</b>	<b>7</b>	<b>204</b>
	%	10.3	18.1	33.3	34.8	3.4	100

(Source: Sample survey April, 2015)

#### **4.7.4 Developmental Purpose**

The performance management system also expected to create a fertile ground whereby managers coach employees and help them improve performance on ongoing basis.

**Table 23. Feedback for Developmental Purpose**

<b>Q.17</b> My organizations performance management system includes feedback which allow my manager to coach/teach/train me		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>6</b>	<b>2</b>	<b>15</b>	<b>7</b>	<b>1</b>	<b>31</b>
	%	19.4	6.5	48.4	22.6	3.2	100
Non-supervisors	Frequency	<b>24</b>	<b>16</b>	<b>36</b>	<b>94</b>	<b>3</b>	<b>173</b>
	%	13.9	9.2	20.8	54.3	1.7	173
Total	Frequency	<b>30</b>	<b>18</b>	<b>51</b>	<b>101</b>	<b>4</b>	<b>204</b>
	%	14.7	8.8	25	49.5	2	100

**(Source: Sample survey April, 2015)**

As the table above indicates, the highest number of supervisors which accounted to 15(48.4%) were in doubt to agree or disagree that the performance management system include feedback which allow managers to coach or train them. On the other side, 8(25.9%) supervisors shows their disagreement believing that the performance management system do not includes feedback that allow managers to coach, teach or train them. The remaining supervisors which account to 25.8 % ( 22.6% agree and 3.2%strongly agree) agree with the above issue. Regarding non supervisors opinion for the same question, as it can be seen in the table 22, 94(54.3%) agree and 3(1.7%) strongly agree with the aforementioned issue. While 36(20.8%) of non-supervisors respond that they cannot be sure, the remaining non-supervisors accounted to 40(23.1%) disagree that the organization performance management system includes feedback that allows managers to coach them. Comparing the response of supervisors and non-supervisors response, it can be seen that supervisors and non-supervisors were not equally benefiting from the organization performance management system in getting feedback for developmental purpose. However, the highest number of respondents, 105(51.5%) that includes both supervisor and non-supervisors is in favor of agreement that the performance management system includes feedback which allow mangers to

coach, teach or train employees. Hence, the organizations performance management system includes feedback which allows manager to teach, train or coach employees.

#### 4.7.5 Organization Maintenance

The performance management system yields information about skills, abilities, promotional potential, assignment histories of current employees to be used in workforce planning as well as assesses the future training needs. It also evaluates performance achievements at the organizational level. In line with the above concept, the following paragraph will discuss this concept in detail based on the response of the respondents.

Both supervisors and non-supervisors were asked that whether the organization performance management system yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs. The response of supervisors indicates that, the highest number of respondents which accounted to 16(51.7%) shows their level of disagreement. While 7(22.6%) agree that the organization performance management system yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs. The rest of the respondents were not sure to agree or disagree with the issue. In addition to supervisors, non-supervisors response distribution was similar with the response of supervisors. The response distribution was 79(45.6%) disagree, 47(27.2%) not sure and 47(27.2%) agree. Since the majority 95(46.5%) disagree, it can be generalize that organizations performance management system do not yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs.

**Table 24. Information about Skills, Abilities and Work Force Planning**

<b>Q.18 My organizations performance management yield information about skills, abilities to be used in work force planning as well as in assessing future training needs</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>6</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>0</b>	<b>31</b>
	%	19.4	32.3	25.8	22.6	0	100
Non-supervisors	Frequency	<b>22</b>	<b>57</b>	<b>47</b>	<b>41</b>	<b>6</b>	<b>173</b>
	%	12.7	32.9	27.2	23.7	3.5	173
Total	Frequency	<b>28</b>	<b>67</b>	<b>55</b>	<b>48</b>	<b>6</b>	<b>204</b>

	%	13.7	32.8	27	23.5	2.9	100

(Source: Sample survey April, 2015)

The other point that the researcher want to assess is that, whether the system yield information about evaluating performance achievement at the organizational level or not. In this regard, 6(19.4%) supervisors strongly disagree and 7(22.6%) disagree that the system yield information about evaluating performance achievement at the organizational level. While 8(25.8%) neither agree or nor disagree, equal number of supervisors agree with the issue. The remaining supervisors 2(6.5%) do strongly agree that the system yield information about evaluating performance achievement at the organizational level.

While we analyze the response of non-supervisors, what we can find is that most non-supervisors accounted to 64(37%) do agree that the system yield information about evaluating performance achievement at the organizational level, 65(37.6%) opposed that the system yield information about evaluating performance achievement at the organizational level. 44(25.4%) neither agree or disagree for the question mentioned in below table. From the total response, it can be seen that the majority 78(38.2%) do not agree that their organizations performance management system yield information about evaluating performance achievement at the organizational level.

**Table 25. Performance Achievement at Organizational Level**

<b>Q.19 My organizations performance management yield information about evaluating performance achievement at the organizational level</b>		<b>Stronglydisagree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>6</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>2</b>	<b>31</b>
	%	19.4	22.6	25.8	25.8	6.5	100
Non-supervisors	Frequency	<b>22</b>	<b>43</b>	<b>44</b>	<b>56</b>	<b>8</b>	<b>173</b>
	%	12.7	24.9	25.4	32.4	4.6	173
Total	Frequency	<b>28</b>	<b>50</b>	<b>52</b>	<b>64</b>	<b>10</b>	<b>204</b>
	%	13.7	24.5	25.5	31.4	4.9	100

#### 4.7.6 Documentation Purpose

Through performance management system, organizations can collect valuable information that can be used for several documentation purposes. In line with the above purpose, the following questions were forwarded to supervisors and non-supervisors.

**Table 26. Forecasting Accuracy Selection Instrument**

Q.20 My organizations performance management yield data that can be used to evaluate the forecasting accuracy of selection instrument		Strongly dis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	3	7	11	7	3	31
	%	9.7	22.6	35.5	22.6	9.7	100
Non-supervisors	Frequency	11	46	74	26	16	173
	%	6.4	26.6	42.8	15	9.2	173
Total	Frequency	14	53	85	33	19	204
	%	6.9	26	41.7	16.2	9.3	100

(Source: Sample survey April, 2015)

As the table 26 shows, equal number of supervisors respond as disagree and agree that their organizational performance management system yields data that can be used to evaluate forecasting accuracy of selection instrument, which is 7(22.6%) disagree and 7(22.6%) agree . Whereas 11(35.5%) were in doubt to decide whether their organizational performance management system yields data that can be used to evaluate forecasting accuracy of selection instrument. Regarding the response of non-supervisors, 42(24.2%) were in favor of the system yield data that can be used to evaluate forecasting accuracy of selection instrument. Still 74(42.8%) of the respondents were not convinced to believe the system yield data that can be used to evaluate forecasting accuracy of selection instrument, while 57(33%) of the respondents strongly disagreed that their organizational performance management system yields data that can be used to evaluate forecasting accuracy of selection instrument. From the total response of supervisors and non-supervisors indicates, most respondents accounted for 85(41.7%) neither

agree nor disagree with the issue on hand. So, it's difficult to conclude that the organizations performance management system yields data that can be used to evaluate forecasting accuracy of selection instrument or not.

As the table below indicates, we can note that most supervisors 13(41.9%) were in favor of performance management system of their organizations yields data that is important for making administrative decisions. While 7(22.6%) shows their level of disagreement for the question mentioned below. The rest of the supervisors accounted for 11(35.5%) were indifferent over the issue. Regarding to non-supervisors response, 50(28.9%) do not agree that the system yields data that is important for making administrative decisions. On the other side, 80(46.2%) of non-supervisors do agree that the system yields data that is important for making administrative decisions. Around 43(24.9%) of non-supervisors were not sure to believe that the system yields data that is important for making administrative decisions or not. As the total figure indicates, most respondents accounted to 45.7% agree that their organization performance management system do yield data that is important for making administrative decisions. Hence, it can be generalize that the organizations performance management system yield data that is important for making administrative decisions.

**Table 27. Performance Management System for Administrative Decisions**

<b>Q.21 My organizations performance management yield data that is important for administrative decisions</b>		<b>Strongly dis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>6</b>	<b>1</b>	<b>11</b>	<b>13</b>	<b>0</b>	<b>31</b>
	%	19.4	3.2	35.5	41.9	0	100
Non-supervisors	Frequency	<b>22</b>	<b>28</b>	<b>43</b>	<b>67</b>	<b>13</b>	<b>173</b>
	%	12.7	16.2	24.9	38.7	7.5	173
Total	Frequency	<b>28</b>	<b>29</b>	<b>54</b>	<b>80</b>	<b>13</b>	<b>204</b>
	%	13.7	14.2	26.5	39.2	6.4	100

(Source: Sample survey April, 2015)

#### 4.8 Overall Assessment of Best Practices in the Organizations

To identify characteristics that are likely to allow a performance management system to be successful is one of the purposes this research. Practical constraints may not allow for the implementation of all these features. However, organizations should be committed to incorporate these practices as much as they can. Accordingly, the objective of this section is to identify those characteristics that could enable the system to function in a better way.

**Table 28. Evaluation of Job Responsibilities**

Q.22 All of my major job responsibilities were evaluated		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	0	6	22	2	1	31
	%	0	19.4	71	6.5	3.2	100
Non-supervisors	Frequency	14	24	62	67	6	173
	%	8.1	13.9	36.4	38.2	3.5	100
Total	Frequency	14	30	84	69	7	204
	%	6.9	14.7	41.7	33.3	3.4	100

(Source: Sample survey April, 2015)

The highest number of supervisors neither agrees nor disagree that all of their major jobs responsibilities were evaluated. This is evidence by the response shown on table 28 which shows 22(71%) of supervisors respond as not sure for the question presented to them regarding evaluation all of their major job responsibilities while 6(19.4%) of supervisors disagree with the issue on hand, 3(9.7%) do agree that all of their major job responsibilities were evaluated. As far as the non-supervisors response concerned, 73(41.7%) do agree that all of their major job responsibilities were evaluated. About 62(36.4%) neither agree nor disagree that all of their job responsibilities were evaluated. The remaining non-supervisors accounted to 38(22%) were incline to disagree that all of their major job responsibilities were evaluated. As per the above table, the total response indicate that the majority 84(41.7%) in doubt over the stated issue. Hence,

it's very difficult to conclude the practices of evaluating all of employee's major job responsibilities in the selected organizations.

**Table 29. Performance Review for an Entire Review Period**

Q.23 The performance evaluation I receive includes performance spanning for an entire review period not just few weeks or months before evaluation period		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	0	8	10	13	0	31
	%	0	25.8	32.3	41.9	0	100
Non-supervisors	Frequency	0	19	45	82	27	173
	%	.0	11	26	47.4	15.6	100
Total	Frequency	0	27	55	95	27	204
	%	0	13.2	27	46.6	13.2	100

(Source: Sample survey April, 2015)

As it can be seen from the above table, 13(41.9%) of supervisors respondents agree that the performance evaluation they receive includes for an entire review period not just few weeks or months before the evaluation period begins whereas 10(32.3%) of supervisor respondents replied that they are in doubt whether the performance evaluation they receive includes the entire review period not just few weeks or months before the evaluation period, 8(25.8%) of them replied that they were not in favor of the subject mentioned above. As far as the response of non-supervisors concerned, the majority 109(63%) respondents replied that the performance evaluation they receive includes the entire review period not just few weeks or months before the evaluation period begins whereas 19(11%) respondents disagreed with the issue in hand. About 45(26%) neither agree nor disagree with the issue. Since the majority of respondents 59.8% (46.6% agree and 13.2 strongly agree) shown their level of agreement, it can be generalize that performance evaluation employees receive includes performance spanning for an entire review period not just few weeks or months before evaluation period.

**Table 30. Standard and Evaluation Criteria for Employee's Job**

<b>Q.24 I believe the standard and evaluation criteria for my job is relevant and important</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>0</b>	<b>6</b>	<b>8</b>	<b>14</b>	<b>3</b>	<b>31</b>
	%	0	19.4	25.8	45.2	9.7	100
Non-supervisors	Frequency	<b>1</b>	<b>15</b>	<b>29</b>	<b>98</b>	<b>30</b>	<b>173</b>
	%	.6	8.7	16.8	56.6	17.3	100
Total	Frequency	<b>1</b>	<b>31</b>	<b>37</b>	<b>112</b>	<b>33</b>	<b>204</b>
	%	.5	10.3	18.1	54.9	16.2	100

**(Source: Sample survey April, 2015)**

As per dimension listed to identify the meaningfulness of the system, questions asked to supervisors and non-supervisors to check that the relevance and importance of the evaluation criteria as well as the controllability of the performance. Supervisors response to the relevance and importance of the evaluation criteria indicates, most supervisors 17(54.9%) accept the importance and relevance of the evaluation criteria for their job. On the other side, 6(19.4%) supervisors shows their disagreement believing that the standard and evaluation criteria for job neither important nor relevant and the rest of the supervisors which account to 8(25.8%) neither agree nor disagree with the relevance and importance of the evaluation criteria for their job. As far as non-supervisors response concerned, 128(73.9%) accept the importance and relevance of the evaluation criteria, 16(9.3%) disagree with the issue mentioned above. While 29(16.8%) of the respondents were in doubt over the issue. In this regard, both supervisor and non-supervisors accept the importance and evaluation criteria used to evaluate their job.

**Table 31. Controllability Factor of Employee Performance**

Q.25 The performance assessment emphasize only on those area which are under my control		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	6	3	13	8	1	31
	%	19.4	9.7	41.9	25.8	3.2	100
Non-supervisors	Frequency	14	12	48	86	13	173
	%	8.1	6.9	27.7	49.7	7.5	100
Total	Frequency	20	15	61	94	14	204
	%	9.8	7.4	29.9	46.1	6.9	100

(Source: Sample survey April, 2015)

The other important factor regarding to the meaningfulness of the system is the issue of controllability factor. As the table above indicates, 8(25.8%) and 1(3.2%) of supervisors confirm that the performance assessment emphasize only those area which they have control over by responding as agree and strongly agree respectively for the question presented to them. for the same question 6(19.4%) of the supervisors strongly disagree and 3(9.7%) disagree with the issue. Whereas 13(41.9%) of supervisors respond that they are in doubt to decide that performance assessment emphasize only those area which they have total control. The same questioner was presented to non-supervisors. The response for the question were, majority of the respondent which is 86(49.7%) agree whereas 13(7.5%) strongly agree that the performance assessment emphasize on those area which they are in control of. while 14(8.1%) supervisors strongly disagree, 12(6.9%) supervisors disagree with the issue. The remaining which is 48(27.7%) of the respondents were doubt to decide that performance assessment emphasize only those area under their control. By referring the above table, it can be seen that 108(53%) of employees believe that the performance assessment concentrate on the area which they can control. So, it can be conclude that organizations performance management system allows employees performance to be assessed on those areas which they can control.

As the table below indicates, most supervisors accounted for 14(45.2%) of the respondents agree and 3(9.7%) of the respondents strongly agree that the feedback they received is in the positive performance aspect as well as those in need of improvement. 10(32.3%) of the total respondents neither agree nor disagree that the feedback they received in the positive as well as in the negative aspect of work performance. While 4(12.9%) of supervisors disagree with the issue on hand. Concerning non-supervisors response to the question in hand, 16(9.2%) strongly agree and 93(53.8%) agree that the feedback they received is in the positive performance aspect as well as those in need of improvement. 47(27.2%) of non-supervisors neither agree nor disagree the feedback they received in the positive as well as in the negative aspect of work performance. The remaining 17(9.8%) of non-supervisors shows their level of disagreement. From the response of supervisors and non-supervisors, we can see that the majority respondents in favor of the feedback they get is both on the positive performance aspect as well as in need of improvement. Hence, the researcher can conclude that the feedback they get is in positive aspect as well as those in need of improvement

**Table 32. Feedback on Positive As Well As Those In Need Of Improvement**

<b>Q.26 I believe that the feedback I get is in the positive performance aspects as well as those in need of improvement</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>0</b>	<b>4</b>	<b>10</b>	<b>14</b>	<b>3</b>	<b>31</b>
	%	0	12.9	32.3	45.2	9.7	100
Non-supervisors	Frequency	<b>7</b>	<b>10</b>	<b>47</b>	<b>93</b>	<b>16</b>	<b>173</b>
	%	4	5.8	27.2	53.8	9.2	100
Total	Frequency	<b>7</b>	<b>14</b>	<b>57</b>	<b>107</b>	<b>19</b>	<b>204</b>
	%	3.4	6.9	27.9	52.5	9.3	100

(Source: Sample survey April, 2015)

**Table 33. How to Meet Expectations**

<b>Q.27 I clearly know what is expected of me and how to meet these expectations</b>		<b>Stronglydisagree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>12</b>	<b>31</b>
	%	0	0	.0	61.3	38.7	100
Non-supervisors	Frequency	<b>2</b>	<b>0</b>	<b>9</b>	<b>115</b>	<b>47</b>	<b>173</b>
	%	1.2	.0	5.2	66.5	27.2	100
Total	Frequency	<b>2</b>	<b>0</b>	<b>9</b>	<b>134</b>	<b>59</b>	<b>204</b>
	%	1	.0	4.4	65.7	28.9	100

**(Source: Sample survey April, 2015)**

As the table above indicates, all 31(100%) of supervisors believe that they know what is expected of them and how to meet this expectation. The majority 162(93.7%) of non-supervisors show their level of agreement on the issue. Only 2(1.2%) of non-supervisors strongly disagree that they clearly know what is expected of them and how to meet this expectation. The remaining 9(5.2%) neither agree nor disagree that they clearly know what is expected of me and how to meet this expectation. Since the 193(94.6%) of the respondents agree with the issue on hand, we can conclude that employees know what is expected of them and how to meet this expectation.

As per the table shown below, 13(41.9%) of supervisors agree and 3(9.7%) strongly agree that the performance evaluation they received is fair relative to the work they have performed. Whereas 5(16.1%) supervisors neither agree nor disagree whether with the issue on hand .For the same question, 7(22.6%) of the supervisors respond that they disagree and the remaining respondents which is 3(9.7%) of supervisors choose to strongly disagree. Regarding to non-supervisors, 91(52.6%) agree and 32(18.5%) strongly agree that the performance evaluation they received is fair relative to the work they have performed. 18(10.4%) non-supervisors strongly disagree, 9(5.2%) disagree and 23(13.3%) are in doubt in the respect to the question presented to them regarding with the issue on hand. From the response of supervisors and non-supervisors, we can see that 139(68.2%) agree that the performance evaluation they received is fair relative to the

work they have performed. From the distributive justice point of view, it can be concluded that the system is fair and acceptable.

**Table 34. Fairness of the System**

<b>Q.28</b> The performance evaluation I received relative to the work I have performed seems fair		<b>Stronglydis- agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>7</b>	<b>5</b>	<b>13</b>	<b>3</b>	<b>31</b>
	%	9.7	22.6	16.1	41.9	9.7	100
Non-supervisors	Frequency	<b>18</b>	<b>9</b>	<b>23</b>	<b>91</b>	<b>32</b>	<b>173</b>
	%	10.4	5.2	13.3	52.6	18.5	100
Total	Frequency	<b>21</b>	<b>16</b>	<b>28</b>	<b>104</b>	<b>35</b>	<b>204</b>
	%	10.3	7.8	13.7	51	17.2	100

**Table 35. Communication during Appraisal Meeting**

<b>Q.29</b> During appraisal meeting, me and my supervisor communicate well		<b>Stronglydis- agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>9</b>	<b>9</b>	<b>4</b>	<b>8</b>	<b>1</b>	<b>31</b>
	%	29	29	12.9	25.8	3.2	100
Non-supervisors	Frequency	<b>31</b>	<b>76</b>	<b>13</b>	<b>46</b>	<b>7</b>	<b>173</b>
	%	17.9	43.9	7.5	26.6	4	100
Total	Frequency	<b>40</b>	<b>85</b>	<b>17</b>	<b>54</b>	<b>8</b>	<b>204</b>
	%	19.6	41.7	8.3	26.5	3.9	100

(Source: Sample survey April, 2015)

As table 35 shows, the majority of supervisors 18(58%) do not agree that there is a two way communication between them and their supervisors.9 (29%) of supervisors do agree that there is a two way communication between them and their supervisors. On the other side, 4(12.9%) supervisors neither agree nor disagree with the existence of two way communication between them and their supervisors .As far as non-supervisors response concerned, 107(61.8%) do not accept with the existence of two way communication between them and their supervisors while 13(7.5%) of the respondents were in doubt over the issue. The remaining 53(30.6%) of supervisors agree with the existence of two way communication between them and their supervisors. In this regard, both supervisor and non-supervisors were in agreement over the issue. The total figure indicate that 85(41.7%) disagree and 40(19.6%) strongly disagree with the existence of two way communication between them and their supervisors. So, it can be seen that there is a problem of two way communications between employees and their supervisors during appraisal meeting

**Table 36. Ethics of Evaluation**

<b>Q.30 My supervisor evaluates his/her self interest in providing evaluation</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>11</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>31</b>
	%	9.7	35.5	25.8	19.4	9.7	100
Non-supervisors	Frequency	<b>17</b>	<b>24</b>	<b>14</b>	<b>87</b>	<b>31</b>	<b>173</b>
	%	9.8	13.9	8.1	50.3	17.9	100
Total	Frequency	<b>20</b>	<b>35</b>	<b>22</b>	<b>93</b>	<b>34</b>	<b>204</b>
	%	9.8	17.2	10.8	45.6	16.9	100

<b>Q.31 My supervisors evaluates performance dimension which he/she has sufficient information</b>		<b>Stronglydis-agree</b>	<b>Disagree</b>	<b>Not sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>3</b>	<b>9</b>	<b>4</b>	<b>14</b>	<b>1</b>	<b>31</b>
	%	9.7	29	12.9	45.2	3.2	100
Non-supervisors	Frequency	<b>10</b>	<b>27</b>	<b>37</b>	<b>86</b>	<b>13</b>	<b>173</b>
	%	5.8	15.6	21.4	49.7	7.5	100
Total	Frequency	<b>13</b>	<b>36</b>	<b>41</b>	<b>100</b>	<b>14</b>	<b>204</b>
	%	6.4	17.6	20.1	49	6.9	100

**(Source: Sample survey April, 2015)**

As the table above indicates, 3(9.7%) strongly disagree and 11(35.5%) disagree that supervisors believe that their managers suppress their self-interest in providing evaluation while 8(25.8%) not sure that their managers suppress their self-interest in providing evaluation. The remaining supervisors accounted for 9(29.1%) shows their level of agreement over the issue. Besides supervisors, 17(9.8%) of non-supervisors strongly disagree and 24(13.9%) disagree that their supervisors suppress their self-interest in providing evaluation. 87 (50.3%) and 31(17.9%) of non-supervisors do agree that supervisors suppress their self-interest in providing evaluation while 14(8.1%) of supervisors were not sure whether supervisors suppress their self-interest in providing evaluation. In this regard, 62.5 % ( 45.6% agree and 16.9% strongly agree) believe that their supervisors suppress their self-interest in providing evaluation. So, it can be generalize that supervisors working in the selected organizations suppress their self-interest in providing self-evaluation.

The other question raised to non-respondents to investigate the opens of the system was whether supervisors evaluates performance dimensions which they have a sufficient information .As the table above shown above 3(9.7%) supervisors strongly disagree and 9(29%) disagree that their supervisors only evaluates dimension which they have a sufficient on the subject while 4(12.9%) supervisors neither agree nor disagree over the issue. The remaining supervisors accounted for

15(48.4%) shows their level of agreement over the issue. In addition to supervisors, 10(5.8%) of non-supervisors strongly disagree and 27(15.6%) disagree that their supervisors evaluates dimensions on the area which they have sufficient information. 86 (49.7%) and 13(7.5%) of non-supervisors do agree that supervisors evaluates performance dimensions on the area which they have sufficient information on the issue. For the same question, 37(21.4%) of supervisors were not sure whether supervisors evaluates performance dimensions which they have sufficient information or not. The remaining 99(57.2%) shows their level of disagreement. When we see the above table, the total analysis indicates that most supervisors working on the selected organization evaluates performance dimensions with the support of sufficient information. From the above two paragraphs, the analysis clearly show the openness of the organizations performance management system.

**Table 37. Appealing Procedure**

<b>Q.32 Is there an appealing procedure for you if you are no happy with the performance assessment result?</b>		<b>Yes</b>	<b>No</b>	<b>I don't know</b>	<b>Total</b>
Supervisors	<b>Frequency</b>	<b>20</b>	<b>5</b>	<b>6</b>	<b>31</b>
	<b>%</b>	64.5	16.1	19.4	100
Non-supervisors	<b>Frequency</b>	<b>115</b>	<b>24</b>	<b>34</b>	<b>20</b>
	<b>%</b>	66.5	13.9	19.7	100
Total	<b>Frequency</b>	<b>135</b>	<b>29</b>	<b>40</b>	<b>204</b>
	<b>%</b>	66.2	14.2	19.6	100

**(Source: Sample survey April, 2015)**

Regarding to the existence of appealing procedures, the table above indicates that the majority 20(64.5 %) of supervisors respondents replied there is a practice of appealing procedure in their organization if they were not happy with the assessment result. 5(16.1%) of supervisor do not agree with the existence of appealing procedure. The remaining supervisors do not whether appealing procedure exist or not. From the same table he response of non-supervisors indicates,

highest 115(66.5%) non-supervisors respondents do agree that there is a practice of appealing procedure in their organization if they were not happy with the assessment result.24(13.9%) replied that there is no appealing procedure. The remaining non-supervisors accounted to 34(19.7%) do not whether appealing procedure exist or not in their organizations. Analyzing the response of supervisors and non-supervisors, it can be seen that the majority of the respondents confirm the existence of appealing procedure in their organizations. Therefore, the researcher can conclude that the organization performance management system encompasses an appealing procedure in the system.

**Table 38. Self-Evaluation Practice during Performance Review Meeting**

Q.33 Is there a self-evaluation practice before performance review meeting?		Yes	No	I don't know	Total
Supervisors	Frequency	<b>5</b>	<b>14</b>	<b>12</b>	<b>31</b>
	%	16.1	45.2	38.7	100
Non-supervisors	Frequency	<b>24</b>	<b>113</b>	<b>36</b>	<b>173</b>
	%	13.9	65.3	20.8	100
Total	Frequency	<b>29</b>	<b>127</b>	<b>48</b>	<b>204</b>
	%	14.2	62.3	23.5	100

(Source: Sample survey April, 2015)

As the table above indicates, most supervisors 14(45.2%) replied that there is no practice of self-evaluation during performance review meeting while 5(16.1%) supervisors do not agree with the existence of self-evaluation practice during performance review meeting. Whereas 12(38.7%) supervisors they do not know whether there exists a self-evaluation practice or not.24 (13.9%), 113(65.3%) and 36(20.8%) of supervisors replied as yes, no and I don't know respectively for the questions asked to them regarding with the existence of a self-evaluation practice during performance review meeting. When we analyze the response of supervisors and non-supervisors we can see the majority of respondents do not agree with the existence of self-evaluation practice

during performance review meeting. So, the researcher concludes that the organizations performance management does not encompass self-evaluation practice during performance review meeting.

**Table 39. Evaluation of All Employees**

For Supervisors only		Yes	No	I don't know	Total
<b>Q.34</b> Do all employees under your supervision pass through evaluation process?	Frequency	28	3	-	<b>31</b>
	%	90.3	9.7		<b>100</b>

(Source: Sample survey April, 2015)

Supervisors were asked that whether all employees under their supervision pass through the evaluation process or not. The response as the above table indicates, 28(90.3%) of supervisor confirm that all employees under their supervision have passed through evaluation process. From the response of supervisors, the researcher has a good ground to generalize that all employees working in the selected organizations pass through evaluation process

**Table 40. Performance Management System for Decision Making**

<b>Q.35</b> Do you think performance management system of the organization is easy to use and useful for decision making?		Stronglydis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	<b>0</b>	<b>13</b>	<b>12</b>	<b>6</b>	<b>0</b>	<b>31</b>
	%	0	41.9	38.7	19.4	0	100
Total	Frequency	<b>0</b>	<b>41.9</b>	<b>12</b>	<b>6</b>	<b>27</b>	<b>204</b>
	%	0	41.9	38.7	19.4	13.2	100

(Source: Sample survey April, 2015)

As the above table indicate, the highest number of supervisors 13(41.9%) do not agree that their organization performance management system is easy to use and useful for decision making while 6(19.4%) do agree that their organization performance management system is easy to use and useful for decision. The remaining 12(38.7%) supervisors neither agree nor disagree whether the system is easy and useful for decision making. Since the majority 13(41.9%) supervisors disagree, we can conclude that the organizations performance management system is not easy and useful for decision making.

**Table 41. Effective and Ineffective Performance**

<b>Q.36 Do you think performance management system capable of providing information about effective and ineffective performance?</b>		<b>Strongly dis-agree</b>	<b>Disagree</b>	<b>Not Sure</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
Supervisors	Frequency	<b>1</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>2</b>	<b>31</b>
	%	3.2	38.7	12.9	38.7	6.5	100
Total	Frequency	<b>1</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>2</b>	<b>31</b>

**(Source: Sample survey April, 2015)**

As the above table indicate, 14(45.2%) do agree that their organization performance management system is capable of providing information about effective and ineffective performance while 13(41.9%) do not agree that their organization performance management system is capable of providing information about effective and ineffective performance. The remaining 4(12.9%) supervisors neither agree nor disagree whether their organization performance management system is capable of providing information about effective and ineffective performance. Since the majority agrees with the subject matter, the researcher can conclude that the organizations performance management system is capable of providing information about effective and ineffective performance.

**Table 42. Consistency of the Performance Management System**

Q.37 Do you believe the performance management system of the organization is consistent and free from errors?		Strongly dis-agree	Disagree	Not Sure	Agree	Strongly agree	Total
Supervisors	Frequency	1	12	4	12	2	31
	%	3.2	38.7	12.9	38.7	6.5	100
Total	Frequency	1	12	4	12	2	31
	%	3.2	38.7	12.9	38.7	6.5	100

(Source: Sample survey April, 2015)

As the table 42 indicates, 22(70.9%) respondents shows their level of disagreement that the performance management system of the organizations is consistent and free from errors while 7(22.6%) neither agree or disagree that the system is consistent and free from errors. The remaining 2(6.5%) agree that the system is consistent and free from errors. Hence, we can say that the organization performance management system is not consistent and free from errors.

Whether the system provides for continuing skill development of evaluators or not, is one of the dimensions used to measure the meaningfulness of the system. Accordingly, 22(71%) of supervisors respond that they did not took any training to improve their evaluation skill while 9(29%) respond that they have taken training to improve their evaluation skill. Since 22(71%) of respondents did not took any training to improve their evaluation skill, it can be generalize that the system does not provide for continuing skill development of evaluators.

**Table 43. Training for Evaluators**

For Supervisors only		Yes	No	I don't know	Total
Q.38 Have you ever take developmental training on how to improve your evaluation skill?	Frequency	9	22	-	31
	%	29	71		100

(Source: Sample survey April, 2015)

## CHAPTER FIVE: MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 MAJOR FINDINGS

Based on the data gathered from the instrument, data analysis and interpretation was made in the previous chapter. According to the analysis made in the previous chapter, the following major findings were indentified:

- ❖ The majority of respondents, which account to 115(56.4%), agree that they clearly know their organizational mission, objectives and goals.
- ❖ 133(65.5%) respondents agree that their job duties and responsibilities were clearly defined as per their understanding.
- ❖ The majority of respondents which account to 72.9% of the respondents agree that the process and objective of the organization performance management system was described to the employees of the organizations
- ❖ The majority or 73% of the respondents agreed that they have participated on the process of setting goals to their job with their supervisors
- ❖ The majority or 63.8% of the respondents do agree that supervisors and non-supervisors reach an agreement on how performance will be measured.
- ❖ The majority or 55.8% of the respondents believe that their performance was measured based of the agreement they have reached with their supervisors.
- ❖ From the total response, the majority of respondents which accounted to 121(59.6%) agree that the rating they receive were accurate.
- ❖ The slight majority or 41.2% of the respondents believe that the organizational performance management system do not link the organizational goal with their personal goal
- ❖ Slight majority or 36.8% of the respondents do not agree that their personal view are respected
- ❖ The majority or 90(44.1%) respondents disagree that employee development and plan for the future were a part of discussion during performance review

- ❖ The total response show that, 102(50%) of the respondents agreed that the feedback they received is capable of enhancing their performance
- ❖ The majority or 42.2% of the respondents believe that the organizational performance management system fails to link the organizational goal with their personal goal
- ❖ The majority or 45.1%(16.7% agree and 28.4% strongly agree) of respondents showed their level of disagreement that performance result usefulness for pay decisions
- ❖ The majority or 93(45.7%) of the respondents agree that their organization performance management system of the organizations is a source of valid and useful or making administrative decisions on identification of poor performer, layoffs, demotion etc.
- ❖ 75(36.8%) of the respondents agree that their organization performance management system gives them information on how well they are doing and specific area that may need improvement
- ❖ 78(38.2%) of the respondents agree that their organization performance management system allows them to learn what aspect of work is important for the organizations and to their supervisors
- ❖ 105(51.5%) of respondents that includes both supervisor and non-supervisors is in favor of agreement that the performance management system includes feedback which allow mangers to coach, teach or train employees
- ❖ The majority or 46.5% of the respondents disagree that their performance management system yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs
- ❖ The majority or 38.2% of the respondents do not agree that their organizations performance management system yield information about evaluating performance achievement at the organizational level
- ❖ The majority or 59.6% of the respondents agree that the performance evaluation employees receive includes performance spanning for an entire review period not just few weeks or months before evaluation period.
- ❖ 126(61.8%) of the respondents agree that feedback they get is in positive aspect as well as those in need of improvement
- ❖ 108(53%) of the respondents believe that the performance evaluation concentrate on those area where they are in control of

- ❖ 193(94.6%) of the respondents believe they know what is expected of them and how to meet this expectation
- ❖ 139(68.2%) of the respondents agree that the performance evaluation they received is fair relative to the work they have performed
- ❖ 125(61.3%) disagree that two way communication exists between them and their supervisors during appraisal meeting
- ❖ Most respondents believe that their supervisors suppress their self-interest in providing evaluation and evaluates dimension on which they have a full information on the mater
- ❖ The majority or 66.2% of the respondents agree that the performance management system encompasses an appealing procedure
- ❖ The majority of respondents do not agree with the existence of self-evaluation practice during performance review meeting
- ❖ 28(90.3%) of the supervisors agree that all employees under their supervision pass through evaluation process
- ❖ 13(41.9%) of supervisors disagree that their organizations performance management system is easy and useful for decision making
- ❖ The majority which account to 14(45.2%) of supervisors agree that the organizations performance management system is capable of providing information about effective and ineffective performance.
- ❖ The majority which account to 70.9% of supervisors showed their level of disagreement that the performance management system of the organizations is consistent and free from errors
- ❖ 22(71%) of supervisors had not took any training to improve their evaluation skills

## **5.2 CONCLUSIONS**

As it's tried to indicate in the objective of the research section of chapter one, the main objective of the research was to assess the performance management system. Specifically, identifying whether the organizations performance management system serve its purpose, to investigate whether the organizational performance management system properly implemented or not and identifying best performance management system practices in the organizations were the objective of the study. Based on the objectives, data was gathered and analyzed in the chapter four. Accordingly, the following conclusion was made based on the major finding of the research;

From the purpose of performance management system, the first issue was whether the organizational goal is linked to individual goals. In this case, we can say that the organization performance management system do not link organizational goal with the personal goal of individuals. The other important issue is that the performance management system usefulness for making administrative decisions such as salary decisions and identification of poor performer, layoffs, demotion etc. Even though the performance management system of the organizations is not useful for making pay decisions, it's a source of valid and useful for making identification of poor performers, layoffs, demotions etc. In respect to communicational purpose, the organizations performance managements system have done well in informing how well they are doing and specific area that may need improvement. Additionally, the organizations system allows employees to know about their organizations and supervisor's expectation of what aspect of work is most important. From the developmental purpose, the organizations performance management system includes feedback which allows managers to coach their subordinates. In the issue of organizational maintenance purpose, the organizations system do not yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs. Regarding to documentation purpose, the organizations performance management system is useful for making administrative decisions.

The performance management system implementation is seen from the point of the performance management process. Theoretically, the first stage in a performance management system implementation is the prerequisite stage. As per chapter four data analysis, we can see that the organization's mission, goals and objectives are clear to employee of the organization. In addition to knowledge of the organizations, the employee's job duties and responsibilities are clearly defined as per the understanding of employees. In respect of performance planning, the organizations performance management systems were described to the employees of the organizations and participate in performance planning. Additionally, agreement was reached between employees and supervisors on how performance will be measured. As far as performance assessment measurement dimensions concerned, the performance of employees were measured based on the agreement they have reached with their supervisors and employees also agree with the assessment result. Finally, the feedback that employees receive was capable of improving their performance.

The other important aspect of the research is to identify the best performance management system practices in the organizations. In line with the objective of the research, the following practices were identified as a best practice;

- ❖ Performance assessment emphasize only on those area which employees have a full control on the matter
- ❖ Supervisors working in the selected organizations suppress their self-interest in providing evaluation
- ❖ From the distributive justice point of view the system is fair and acceptable
- ❖ Most supervisors working on the selected organization evaluates performance dimensions which they have sufficient information on
- ❖ Appealing procedures exists in the organizations if employees are not happy with the performance assessment result
- ❖ Almost all employees pass through evaluation process
- ❖ The organizations performance management system is capable of providing information about effective and ineffective performance
- ❖ The evaluation includes an entire review period

## **5.2. RECOMMENDATIONS**

The organizations under study are currently facing competition from within and outside the country. To survive in this highly competitive environment, organizations need competent employees who can face these challenges. In this regard, properly implemented performance management system can play a vital role. However, like any other system, the performance management system require continues improvement to deliver its expectation. Accordingly, the following recommendation forwarded based on the findings of the research to improve the system:

The following two recommendations forwarded to correct some of the problem identified in the process of the organization performance management system

- ❖ In some issues like performance planning, we can see that the response or opinion of supervisors and non-supervisors were significantly different. This creates question over the uniformity of the system. The organization must look on those area where the response that shows significant variation and take appropriate corrective action.
- ❖ From the conclusion part, it can be learned that even if most of non-supervisors and supervisors clearly know about their organizations mission, goals and objectives, still significant portion of the respondents do not clearly know their organizational mission, goals and objectives. Hence, the organizations must let know their employees about the mission, goals and objectives of the organization, this can be done by using the organization formal channel of communication, through meetings etc.

One of the research questions for this research paper is to know whether the organizations performance management system serves it purpose. In the process of uncovering the research questions, the following points need to be addressed so that the organizations performance management system can yield a better output.

- ❖ From the conclusion, it can be seen that the organization performance management is not used for making pay decisions. If reward and performance were not in alignment, decisions will be based on personal intuition, politics etc. This will create a detrimental effect in the organizations. So, the organizations must make sure that reward and the performance management system is in alignment.
- ❖ The organizations performance management system should link the goal of individual with the personal goal of employees so that employees could show behavior that is consistent with the goal of the organizations. In this regard, managers and supervisors should take a primary responsibility to link organizational with the personal goal of employees.
- ❖ From the conclusion part it can also be seen that, the organizations performance management system do not yield information about skills and abilities to be used in workforce planning as well as in assessing future training needs. For organizational maintenance purpose, this information's are vitally important. Organizations with the aid of information technology must be able to collect this kind of information's for future success of the organization.

- ❖ This study cannot confirm whether the organizations performance management yield information on evaluating performance achievement at the organizational level. As far as this issue is concerned, the human resource department of the organizations must take a primary responsibility to make sure that information required to know performance achievement at organizational level available because it was the reason for the existence of the departments.
- ❖ Most employees respond that they don't believe that their personal views are respected by their supervisors or managers. This will create grievance on the system and the organizations. To tackle this problem, supervisors should play an important role by being considerate on the view of their subordinates. The organizations must also facilitate training to their supervisors so as to develop their evaluation skill that will help to tackle the above problem.

In the aspect overall assessment of the performance management system the following recommendations were forwarded

- ❖ The other point that the research cannot figure out is that, whether the employee's major job responsibilities were evaluated or not. Through job analysis major job duties and responsibilities can be identified so that important job duties and responsibilities of individuals can be evaluated.
- ❖ Most respondents disagree with the practice of two way communication. This will create dissatisfaction on the side of employees over the system. To minimize the problem, the organizations should create a mechanism where employees and supervisors develop a healthy communication during appraisal meeting. Developing the skill of evaluators also help in this regard.
- ❖ Allowing employees to evaluate themselves tend to lessen the employee defensiveness on the process and create a healthy communication during performance review meeting.
- ❖ The organizations must facilitate training for supervisors on how to improve their evaluation skill and on the general objective of the performance management system so that the system is consistent across people and time

Apart from the gap stated above, the organizations performance system is in a place where it can contribute for the success of the organizations. However, the systems of the organizations cannot be considered as fully completed systems that do not require further improvement. Hence, the organizations must be committed to continually improve their organizations performance management system.

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## APPENDIX

Addis Ababa University  
School of commerce  
Graduate studies Program

Questionnaire to be filled by Employees

April, 2015

**Dear Respondent,**

I would like to thank you in advance for taking your time to fill this questioner. The purpose of the questioner is to gather primary data from employees for the study on the topic “**Assessment of the performance management system in selected manufacturing companies**” as a partial fulfillment of the post graduate study in human resource management (HRM) program at Addis Ababa University College of commerce. For the successful achievement of the study, your reliable response for the questions is vitally important and I assure you that your response will be held in secret.

### Instruction

- ✓ You don't need to write your name
- ✓ Answer by making a ✓ mark,

1. Sex: Male  Female

2. Age below 25  26-35  36-45  46-55  Above 56

3. Educational Background:

- 10+1
- 10+2
- 10+3
- 12 completed
- Diploma
- Advance Diploma
- First Degree
- Master Degree
- Phd

Other (Please Specify): \_\_\_\_\_

4. Employee position

Supervisor  Non-supervisor

5. Educational background

6. Years of experience in organization you're currently working for: 1-3 years

3-5 years  5-7 years  7 years and above

No	subject	Strongly disagree (1)	Disagree (2)	Not sure (3)	Agree (4)	Strongly agree (5)
1	The organization mission, goals and objective is clear to me.					
2	My job duties and responsibilities are clearly defined to my understanding					
3	The process and objective of performance management system of my company are described to me					
4	My supervisor and I participated in the process of setting goal to my job					
5	My supervisor gives me a chance to participate in performance planning(agreed on my job goals, objectives and measurement standard)					
6	I reach an agreement with my supervisor on how performance will be measured					
7	My performance was measured based on the agreement I set with my supervisor					
8	The performance rating I received was accurate					
9	Employees personal views are respected and summarized by managers					
10	Employees development progress as well as plans for the future are discussed					
11	I believe that the feedback I received during performance review capable of improving my performance					
12	My organization performance management system links the organizational goal with my personal goal					
13	In my organization performance result provides basis for pay decisions					

No	subject	Strongly disagree (1)	Disagree (2)	Not sure (3)	Agree (4)	Strongly agree (5)
14	My organization performance management system is a source valid and useful information for making decisions about identification of poor performers, layoffs ,demotions etc					
15	My organization performance management system gives me information how well I am doing and specific areas that may need improvement					
16	My organization performance management system allows me to learn about the organizations and supervisors expectation of what aspect of work he/she believes is most important					
17	My organizational performance management includes feedback which allow my manager to coach/teach/train me					
18	My organizational performance management system yield information about skills, abilities, to be used in work force planning as well as in assessing future training needs					
19	My organizational performance management system yield information about evaluating performance achievement at the organizational level					
20	My organizational performance management system yields data that can be used to evaluate the forecasting accuracy of selection instrument.					
21	My organizational performance management system yields data that is important for administrative decisions.					
22	All of my major job responsibilities were evaluated					
23	The performance evaluation I receive includes an entire review period not just few weeks or months before the evaluation period					
24	I believe that the standard and evaluation criteria for my job is relevant and important					

No	subject	Strongly disagree (1)	Disagree (2)	Not sure (3)	Agree (4)	Strongly agree (5)
25	The performance assessment emphasize only on those area which are under my control					
26	I believe that the feedback I get is both on the positive performance aspects as well as those in need of improvement					
27	I clearly know what is expected of me and how to meet these expectation					
28	The performance evaluation I received relative to the work I have performed seems fair					
29	During appraisal meeting, me and my supervisor communicate well (it's not a meeting where my supervisor deliver message and I listen. Instead its two way communication process)					
30	My supervisor suppress his/her self interest in providing evaluation					
31	My supervisor evaluates performance dimension which he/she has sufficient information					

32. Is there an appealing procedure for you if you are not happy with the performance assessment result?

Yes  No  I don't know

33. Is there a self-evaluation practice before performance review meeting?

Yes  No  I don't know

The following questions to be filled by the supervisors only

34. Do all employees under your supervision pass through evaluation process?

Yes  No  I don't know

35. Do you think performance management system of the organization is easy to use and useful for decision making?

Strongly Disagree  Disagree  Not sure   
Agree  Strongly agree

36. Do you think the performance management system of the organization capable of providing information about effective and infective performance?

Strongly Disagree  Disagree  Not sure   
Agree  Strongly agree

37. Do you believe the performance management system of the organization is consistent and free from errors?

Strongly Disagree  Disagree  Not sure   
Agree  Strongly agree

38. Have you ever take developmental training on how to improve your evaluation skill?

Yes  No