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THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE'S
PERFORMANCE IMPROVEMENT:
(THE CASE OF ETHIOPIAN MANAGEMENT INSTITUTE)

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The Effect of Performance Appraisal on Employee's Performance: The Case of
Ethiopian Management Institute

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DECLARATION

I declare that this thesis entitled “**The Effect of Performance Appraisal on Employee’s Performance Improvement: the Case of Ethiopian Management Institute**” is my original work. This thesis has not been presented for any other university and is not concurrently submitted in candidature of any other degree. All sources of materials used for the thesis have been duly acknowledged.

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Abbreviation

EMI - Ethiopian Management Institute

BSC - Balanced Scorecard

PA - Performance appraisal

ABSTRACT

The study aims to examine the effect of performance appraisal process on employee performance improvement in the case of Ethiopian Management Institute. The objective of the study is to examine the effect of performance appraisal process on employee's performance improvement. The research is explanatory type and the study used quantitative approaches. Primary data were integrated to be able to provide adequate discussion and to get current information about what has already been discovered. The sampling technique that the researcher used in addressing the research problem was probability and stratified random sampling. The sample for the study was consisted of 93 respondents. The data collection instrument for this study was questionnaire. Survey instruments developed in this study were structured questionnaire that contained 34 items. Data was analyzed using descriptive statistics (percentage, mean and standard deviation) and inferential statistics (t-test, anova-test, correlation and multiple regression analysis). The findings of the descriptive analysis revealed that there is a wide gap in the application of all the components of performance appraisal process such as, establishing performance targets/standards, communicating established standards, appraisal process/measuring actual performance/, discussing the appraisal results with the employee and giving feedback and initiating corrective action. It implies that performance appraisal programs should relate to the theoretical issues of managing appraisals in order to utilize and improve employee's performance improvement. Thus, this study recommends the appraisal system to be standardized and communicated. The study also recommends strengthen capacity building programs on appraisal system.

Key words: *Performance, Employee performance, Performance appraisal*

CHAPTER ONE

1. Introduction

This chapter presents the theoretical background of the research area, the main problem to be addressed by this research, its objective and the significance of the study.

1.1. Background of the Study

In today's competitive age, organizations consider human resource as a major source of their competitive advantage. Effective performance appraisal is a tool that facilitates organizations to build the capacity of their human resource to increase competitive advantage. But in reality performance appraisal remain to be the limitation organizations human resource (Pulakos, 2009).

Performance appraisal is a crucial process for the better performance of employees and organizations. It includes; setting employee standard, assessing that performance against the standards, looking at employees' actual job performance, giving feedback to the employee on the performance, how to improve it in the future and setting new goals and expectations for the next period (Dessler, 2008).

Organizations used employees' performance appraisal system to strengthen the human potentials hence to gain maximum benefit. Performance appraisal is an instrument which can be utilized to oversee employee's performance successfully (Giangreco, Carugati, Sebastiano, & Al Tamimi, 2012). The performance appraisal can be seen as the systematic description of individual job-relevant strength and weakness for the purpose of making a decision about the individual (Ahmad & Bujang, 2013).

The condition of an organization's being successful or incapable is basically on its human resource management in general and employee's performance appraisal in specific. Indeed these undoubtedly have a positive or negative effect on its employees' performance accordingly. For example, employees are more likely to be responsive and strong of a giving performance appraisal program in case they see the method as a valuable source of criticism which makes a difference to move forward their performance (Mullins, 2006).

Employee performance appraisal frame work serves the above mentioned reason and accomplishes the individual targets as it were in the event that it has utilized and conducted the frame work viably. Hence managers must realize that performance appraisal should be comprehensive which it could be a persistent prepare instead of an occasion that happens once a year (Bratton & Gold, 1994).

There are diverse methods for assessing employees' performance. Obviously, it has a consolidated approach in performance appraisal and no specific and single strategy can claimed for that purpose. Balanced scorecard (BSC) is a method of strategic learning about the validity of a strategy and the quality of its implementation and it is one of the most vital procedures for the appraisal of employees' performance. In this view point, strategic goals are formulated looking from financial, customer, internal business, and growth perspectives (Robinson, 2005).

In Ethiopian Public Service balanced scorecard (BSC) is a widely used method for the appraisal of employees' performance. The BSC allows an organization to translate its vision and strategies by providing a new framework, one that tells the story of the organization's strategy through the objectives and measures chosen. The scorecard measurement uses as a new language to depict the key components within the accomplishment of the strategy. The use of measurement is basic to the accomplishment of the strategy (EMI), 2015).

The evaluation recognizes measures and oversees employee performance in an organization and gives input to the employees who may progress their performance on job in addition to organizational success. BSC based performance appraisal is seen to bring fundamental changes like increased performance of employee and an organization in terms of client satisfaction, financial, internal process and learning and growth perspective. However, at a strategic level, the need for organizational successes requires employees to continually realign their performance with the evolving goals and objectives of the organization (O'Donnell & Shields, 2002). Therefore, knowing the practice used and spotting the appraisal problem and effect helps to analyze the performance of employees. Thus, this study is focused to assess the effect of PA on employee performance improvement in Ethiopian Management Institute (EMI).

1.2. Statement of the Problem

Performance appraisal is a formalized way of monitoring the work-force and it is proposed to be a management tool to enhance the performance and productivity of an employee and it also improves the commitment of employee (Brown & Benson, 2003). According to (Rao, 2015) Performance appraisal is an important part of an organization but the performance appraisal process is incomplete without the feedback given to the employee about his/her appraisal and his/her performance. The employee training and development programs, target based appraisal, performance related pay for employees, feedback of the employees etc. are aimed to improve performance of employees. The appraisal systems which aim are to improve the employee performance, and have positive effect on employee's performance improvement.

Despite its benefits, some literatures criticized performance appraisal system for its ineffectiveness. (Grint, 1993) argues that performance appraisal relies on subjectivity. Due to this, it gives the negative result to the organization.

Contrarily other authors like; (Fletcher, 2001) argues that organization allocates proper money, time and willing to accomplished successful performance appraisal. Besides, the study acknowledged that though an organization has an effective performance appraisal system, still it has to monitor the system continuously to make sure its effectiveness.

The performance criticism ought to be reasonable, convenient (Caruth & John, 2008) particular in highlighting the employee's advance in carrying out their responsibilities (Gupta, 2012) and the criticism ought to be regularly (Lee, 2005).

Even though PA has significant value, it has many problems while conducting the process. Some of the main problems from empirical literature are; subjectivity, lack of employees' participation, non-alignment between performance standards and employee's job, lack of ability to evaluate by the evaluators that may emanate from halo error, and decency error (Hundera, 2014). The conventional approaches to appraisal have been based completely upon one-sided or subjective judgments which have disregarded the centrality of the relationship between an appraiser and the employee being assessed, and have paid constrained consideration to the many constraints that can negatively affect manager influence upon result (Grote, 2005).

Ethiopian Management Institute has been implementing the modern performance management system, BSC, for more than a decade. The institute five years (2007 E.C to 2011 E.C) employees' performance record shows that there is the declination of employees' of employee performance over time (EMI Strategic Planning and Organizational Management department annual report on employee performance, 2007-2011).

The average values of the performance result decreased from 80.88 in 2007 to 79.22 in 2008, and 77.30 in 2009, 76.27 in 2010 and again, 76.65 in 2011.

As far as the researcher knowledge concerned, there is prior empirical study that shows the effect of the major performance appraisal components on the employees' performance improvement in the institute.

Therefore, aim of this study is to assess the effect of major performance appraisal components on the employees' performance improvement.

The researcher was inspired for study to assess the practices of performance appraisal process and the processes which is mainly focus on: Establishing performance standards, communicating performance expectation to employees, how real performance was measured, how real performance with benchmarks was compared, how the evaluation result with the employee was discussed and how remedial activities (Decision making) were demonstrated practically. Considering these facts, the study was examined the effect of performance appraisal of EMI in order to answer the following basic questions:

1. To what level establishing performance standards affect employees' performance improvement?
2. To what level communication between the appraisers and appraise affect employees' performance improvement?
3. To what level measurement processes affect employee performance improvement?
4. To what level continuous feedback affect employees' performance improvement?
5. To what level indicating corrective actions (decision making) affect employee performance improvement?

1.3. Objectives of the Study

1.3.1. General Objective

The general objective of this study is to examine the effect of performance appraisal system on the employee's performance improvement in EMI.

1.3.2. Specific Objectives

The study attempted to achieve the following specific objectives:

- To analyze the effect of establishing performance standards on employees' performance improvement in EMI;
- To analyze the effect of communicating performance expectation on employees' performance improvement;
- To identify the effect of measuring actual performance on employees' performance improvement in EMI;
- To analyze the effect of discussion on appraisal result and giving feedback on employees' performance improvement; and
- To analyze the effect of indicating corrective actions (decision making) on employees' performance improvement.

1.4. Scope of the Study

The scope of this study is assessing the effect of performance appraisal on employee performance improvement in the Ethiopian Management Institute. The reason why the researcher confined to this scope was owing to the manageability of the study according to the researcher's capacity, and the relatively homogeneity of the respondents. Accordingly, because of the scope, the study findings represent Ethiopian Management Institute (head office, which is based in Addis Ababa and Debrezeyit Training center, which is based in Bishoftu city). Meanwhile, the study excludes temporary employees of the Institute. Self reported performance improvement data of sample employees of EMI was used for the purpose of the study. The study also focuses on the factors or variables that affect the effect of performance appraisal which are establishing performance standards, communicating established standards, measuring actual performance, and comparing it with standards, discussing the appraisal with the employee and giving feedback and initiating corrective action, towards employee performance improvement.

1.5. Significance of the Study

Ethiopian Management Institute (EMI) one of the government organizations attempting to address the National Capacity Building Programs and acting as a strong change agent, plays a great role on the implementation of Balanced Scorecard (BSC), which is broadly utilized method for the appraisal of employees' performance in public service sectors. Having the above stated roles in the country, the successful practice of performance appraisal system in EMI is a vital one for other public services organization in the country on implementing their performance appraisal system successfully.

The findings provide an insight for the decision makers to offer high emphasis on implementing the proper performance appraisal system. Furthermore, it will use as a reference for the other researchers who are interested to conduct a research on similar topics.

1.6. Limitation of the Study

The study has been covered only quantitative method; it could give a better result by using mixed method introducing interview and focus group discussion on qualitative method. This study employed the cross sectional data and it is difficult to determine the time series link across variables. Hence, the research result may differ if it is conducted in other time. The study limit its scope on one organization and the result also self reported.

1.7. Variable Definition and Measurement

1.7.1. Independent variables

Establish Performance Criteria (Standards): Refers to identifying and setting competencies, behaviors, results /outcomes with the supervisors and giving weights and points to be given to each factor. The variable was measured using 9 items adopted and improved from (Dagnew, Zerihun, & Tadesse, 2017) & (Tekeba, 2016). Respondents were asked to rate their perception towards their established performance standards on a five-point Likert type scale. Factor score was imputed from latent factors by computing 9 items and make established performance standard is continuous variable.

Communicate Performance Expectations to Employees: Refers to agreement between supervisors and employees about the standards for evaluation. The variable was measured using 4 items adopted and improved from (Dagnew et al., 2017). Respondents were asked to rate their

perception towards their communicating performance expectation on a five-point Likert type scale. Factor score was imputed from latent factors by computing 4 items and make established performance standard is continuous variable.

Measure and Compare Actual Performance with Standards: Refers to the real performance and contrasting the real performance with the determined standards of the employee on the premise of data accessible. The variable was measured using 8 items adopted and improved from (Dagneu et al., 2017) & (Getnet, Jebena, & Tsegaye, 2014). Respondents were asked to rate their perception towards their measuring and compare actual performance with standard on a five-point Likert type scale. Factor score was imputed from latent factors by computing 8 items and make established performance standard is continuous variable.

Discuss the Appraisal with the Employee: Refers to communicating and giving input to the employees on their performance. The variable was measured using 5 items adopted and improved from (Dagneu et al., 2017) & (Tekeba, 2016). Respondents were asked to rate their perception towards discussion the appraisal with the employee on a five-point Likert type scale. Factor score was imputed from latent factors by computing 5 items and make established performance standard is continuous variable.

Initiate corrective Action: Refers to taking measures to adjust or progress and motivate the performance. The variable was measured using 5 items adopted and improved from (Dagneu et al., 2017) and (Mekonen, 2017). Respondents were asked to rate their perception towards their initiate corrective action on a five-point Likert type scale. Factor score was imputed from latent factors by computing 5 items and make established performance standard is continuous variable.

1.7.2. Dependent variables

Performance improvement: Refers to increase in actual work performance as perceived by respondents. This variable was measured using 3 items adopted and improved from (Dagneu et al., 2017) and (Mekonen, 2017). Respondents were asked to rate their perception towards their work performance improvement on five-point Likert type scale. Factor score was imputed from latent factors by computing 3 items and make the performance improvement is continues variables.

1.8. Organization of the paper

The study will be dividing in to five chapters. The first chapter deals with introduction which encompasses background of the study, statement of the problem, research questions, purpose of the study, significance of the study, scope of the study, limitation of the study, as well as organization of study. The second chapter deals with the review of related literatures. This part would give a highlight on the theoretical, empirical and conceptual framework of the topic under study. The third chapter was research methodology which includes population and sampling size, data type and source, data collection, and data analysis technique & method. The fourth chapter was deals presentation and analysis, interpretation of data diagnosed carefully. The fifth chapter were dedicates the summary of findings, conclusions and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1. Introduction

This research study is intended to evaluate the impact of performance appraisal system on the employee's Performance in EMI. The aim of this chapter is thus to develop a conceptual framework by highlighting the concepts, variable relationships and measurements with respect to Performance Appraisal and Balanced scorecard. Hence, this chapter is divided into two parts. The first part deal with the theoretical background. And the second part deals with the analytical /conceptual framework along with variables of this study.

2.2. Conceptual and Theoretical Background: Performance Appraisal

2.2.1 Concepts of Performance Management

Performance management is a process for guaranteeing employees on their work in ways that contribute to accomplishing the organization's mission which is crucial for a business organization. It includes activities that guarantee that organization's objectives are reliably being met effectively and efficiently (Adejoke & Bayat, 2013).

Management of performance is viewed on three levels, at organization, team and individual level. The management of organizational performance takes place in a number of dimensions. It is a strategic approach which has to take account of the needs of multiple stakeholders. It is the prime responsibility of top management who plan, organize, monitor and control activities and provide leadership to achieve strategic objectives as well as satisfy the needs and requirements of stakeholders (Armstrong, 2006). A strategic approach to managing organizational performance means taking a broad and long-term view of where the business is going, and managing performance in ways that ensure this strategic thrust is maintained. The objective is to supply a sense of course in a frequently turbulent environment, so that the business needs of the organization and the individual and collective needs of its employees can be met by the development and implementation of integrated systems for managing and developing performance (Armstrong, 2006).

Managing team performance involves the key activities of setting work and process objectives and conducting team reviews and individual reviews (Armstrong, 2006). It provides the framework for improving performance through the agreement of performance expectations and the formulation of performance development plans. As vehicles for feedback and recognition, managing team performance have a major role in a performance and reward system (Armstrong, 2006).

2.2.2 Performance Appraisal

The history of performance appraisal process can be traced back to thousands of years. According to (Coens & Jenkins, 2000), the exact beginning of performance appraisal is unknown, but it is in practice since the third century when emperors of appraised the performance of the official family members as cited by (Ikramullah, 2011).

Performance appraisal is a multi-dimensional concept. On the foremost essential level, (Borman & Motowidlo, 1993) recognize between task and relevant performance. Task performance refers to an individual's capability with which he/she performs activities that contribute to the organization's objective. This contribution can be both direct (e.g., within the case of production workers), or indirect (e.g., within the case of managers or staff personnel).

Performance management and performance appraisal system is a control measure used to determine deviations of work tasks with a view of taking corrective action with the right evidences. It is also used to reflect on past performance experience and behaviors as the organization plans ahead. The fact that mostly big businesses rely on performance management systems to evaluate how well employees perform becomes a center of stage of managers' focus in winning the heart of talented employees, retaining to keep working for the public and private sectors , and maintaining them to perform productively and innovatively. The employee appraisal processes can provide valuable data to supervisors, as well as positively and negatively influence employee performance.

Different experts have characterized performance appraisal concept in different focus of views; among the well-known definitions: Performance appraisal more broadly characterizes as “activities through which organizations look for to survey employees and develop their competence, upgrade performance and disseminate rewards” (Fletcher, 2001).

Performance appraisal is a system of survey and appraisal of an individual's (or team's) performance (Mondy, 2002). Performance appraisal can be characterized as the method of studying how well employees do their jobs compared with a set of standards and communicating that information to those employees (Mathis & Jackson, 1997). It also has been called employee rating, employee evaluation, performance survey, performance evaluation, and results appraisal.

In general, performance assessment is the process in where an individual's scored and feedback is given. A large component in psychology is attempting to measure human behavior. Performance appraisals are frequently used in the work place to inform employees on their work progress. Promotions, rewards and training needs are regularly based on the information provided by a performance appraisal.

Performance evaluation practice is a formal system of periodic survey and assessment of an individual's job performance as well as the organizational objectives. Performance evaluation practices have been the most common methods employed by employers and organizations to incentivize and measure the performance of their employees. Performance evaluation practice detects employees' perceptions, beliefs, preferences and development areas with regard to the organizational goals.

Employees are the spine, the most valuable assets and living portion of an organization that can make things happen. The practice of performance assessment is an inherent and indistinguishable part of the organizations' life. The achievement of organizational objectives largely depends on the inspiration of employees to work and to their good perception of the organization.

Within the organizational setting, performance appraisal is characterized as an organized formal interaction between a subordinate and supervisor that usually takes the form of a periodic interview (annual or semiannual) in which the work performance of the subordinate is inspected and discussed.

2.2.3 Purpose of Performance Appraisal

Individuals changes in their capacities and their abilities. There are ceaselessly numerous contrasts between the quality and a few of the same work on the same job being done by two diverse individuals. In this manner, performance appraisal is fundamental to understand each employee's capacities, competencies and worth for the organization (Harikumar, 2007).

The essential reason for having a PA program is to screen employees' performance, motivate staff and improve company morale. Monitoring performance requires schedule documentation, which is fulfilled by completing a performance appraisal form.

When employees are aware that the company is paying special attention to their performance and that they could be rewarded with merit increases and promotions, they are motivated to work harder. Morale is improved when employees receive recognition or reward for their work (Management Study Guide, 2008). (Harikumar, 2007) strengthen the idea that Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. Its aim is to measure what an employee does.

(Grote, 2005), moreover expressed that performance appraisal serves organizations in Providing feedback to employees about their performance, Deciding who gets promoted, Facilitating layoff or downsizing decisions, Encouraging performance improvement, Motivating superior performance, Setting and measuring objectives, Counseling destitute performers, Deciding compensation changes, Empowering coaching and mentoring, Supporting manpower planning or succession planning, Determining individual training and development needs, Deciding organizational preparing and improvement needs, Affirming those great enlisting choices are being made, Providing legitimate defensibility for personnel decisions, and Improving overall organizational performance.

Therefore, it can be said that performance appraisal system has an importance in providing feedback on regular basis and identifies the areas where coaching is necessary and encourages managers to take an active coaching role, motivating superior performance, counseling poor performers, setting and measuring goals, determining compensation changes and provides the mechanism to make sure that those who do better work receive more pay, supporting manpower planning, and is important for determining individual training and development needs (Mohammed, 2016).

2.2.4 Performance criteria

Criteria are ways of describing employee success (Aamodt, 2015). Prior to developing the actual performance appraisal instrument, two important decisions must be made: the focus of the

performance appraisal dimensions and whether to use rankings or ratings. The appraisal dimensions can focus on traits, competencies, task types, or goals.

2.2.4.1 Trait-Focused Performance Dimensions

A trait-focused system concentrates on such employee attributes as dependability, honesty, and courtesy. In spite of the fact commonly used, trait-focused performance appraisal instruments are not a great thought since they provide destitute input and hence will not result in employee development and growth. Since characteristics are personal, the employee is likely to become defensive. Furthermore, the employee will want specific examples the supervisor may not have available. The only developmental advice the supervisor can offer would be to “be more responsible and friendly.” Such advice is not specific enough for the employee to change her/his behavior (Aamodt, 2015).

2.2.4.2 Competency-Focused Performance Dimensions

Rather than concentrating on an employee’s traits, competency-focused dimensions concentrate on the employee’s knowledge, skills, and abilities. For example, competency-focused dimensions might include writing skills, oral presentation skills, and driving skills. (Aamodt, 2015). The advantage to organizing measurement by competencies is that it is simple to supply feedback and suggest the steps necessary to correct deficiencies. That is, if an employee is evaluated as having poor writing skills, the obvious corrective measure would be for the employee to take a writing course.

2.2.4.3 Task-Focused Performance Dimensions

As (Aamodt, 2015), described, task-focused dimensions are organized by the similarity of tasks that are performed. For a police officer, such dimensions might include following radio procedures or court testimony. Note that a task-focused dimension usually includes several competencies. The advantage of this approach is that because supervisors are concentrating on tasks that occur together and can thus visualize an employee’s performance, it is often easier to evaluate performance than with the other dimensions. The disadvantage is that it is more difficult to offer suggestions for how to correct the deficiency if an employee scores low on a dimension.

2.2.4.4 Goal-Focused Performance Dimensions

The fourth type of performance dimension is to organize the appraisal on the premise of objective to be fulfilled by the employee. Sticking with our police officer for example, goals might include preventing crimes from occurring, finishing the shift without personal injury, and minimizing the number of citizen complaints. The advantage of a goal-focused approach is that it makes it easier for an employee to understand why certain behaviors are expected (Grote, 2005)

2.2.4.5 Contextual Performance

The above all four ways of performance dimensions are concentrated on the technical aspects of performing a job. In recent years, psychologists have begun to study contextual performance, that is, the effort an employee makes to get along with peers, improve the organization, and perform tasks that are needed but are not necessarily an official part of the employee's job description (Borman & Motowidlo, 1997). Many organizations include rating scales addressing the technical aspects of the job as well as the contextual aspects. They want employees who will be not only effective performers but good organizational citizens as well. Contextual performance is important because not only are these prosocial organizational behaviors important to the success of an organization, but they also tend to be similar across jobs, whereas the dimensions involved in task performance differ across jobs (Borman & Motowidlo, 1997).

2.2.5 Performance Measurement

“If you don't measure results, you can't tell victory from disappointment and in this way, you can't claim or remunerate victory or maintain a strategic distance from inadvertently fulfilling failure;” “if you can't recognize success, you can't learn from it; if you can't recognize failure, you can't correct it;” “if you can't measure it, you can neither manage it nor improve it”. (R. S. Kaplan, Kaplan, Norton, Davenport, & Norton, 2004). But what eludes many managers is the simple way to recognizing genuinely key estimations without falling back on things that are easier to measure such as input, project or operational process measurements.

(Richard, Devinney, Yip, & Johnson, 2009), described that measurements can provide the data necessary for showing how activities support broader goals, and provide the data necessary for supporting requests for additional resources or for supporting new initiatives. However it is the effective use of this data by decision makers at all levels to aggressively improve products and

services for customers and stakeholders, that is the hallmark of leaders in performance management. Similarly, (Amboga, 2009) explain that establishing a viable performance measure is critical for organizations; making those measures work is much more important.

Successful deployment appears to be strongly related to developing a successful system of accountability: that is, of making managers and employees alike “buy in” to performance measurement by assuming responsibility for some part of the process.

2.2.5.1 Performance measurement using BSC

The BSC helps organizations align sufficiently to execute their strategies; it creates a vertical alignment, ensuring that the achievements of employees and managers sum up to achieve the strategic intent of the organization. It does it align organizations horizontally, ensuring that employees work well across boundaries, instead of working at cross purposes (Robinson, 2005). Balanced Scorecard is one way to help track it. Most methodologies can be fleshed out with measurement over at smallest some of the four supported categories of measurement. If you attach objectives and responsibility to those measurements, then you begin to have a creditable strategy implementation engine.

But here begin the cautions. One must start with a strategy, which procedure got to be communicated as quantifiable objectives. BSC provides no strategy development template, nor does it claim to.

2.2.5.2 Basis for Performance appraisal using BSC

For the balanced scorecard to be completely efficient (Kaplan, 2003), cite three forms as crucial in adjusting employees to the strategy: communication and instruction; Creating individual and team objectives; and motivations and compensation frameworks connecting with performance and reward. As a strategic and communication tool, it is basic that all employees understand the strategy and conduct their business in a way that contributes to its mission and objectives. Where higher-level scorecards are ‘cascaded’ to lower-level departmental and indeed where individual scorecards are utilized employees must ’buy in’ to the organizational methodology for viable usage. (Kaplan, 2003), added that it is valuable to cascade the scorecard down to individual level so that each employee has a personalized scorecard which could then be used as the basis of their performance appraisal.

From this, it can be suggest that employees are most likely to meet or surpass performance objectives when they are engaged with the specialist to make decisions and solve problems related to the results to which they are responsible.

Underlying employee empowerment is management's view of its employees as an asset rather than resource. Owner identification is one of the strategies most managers from best-in-class organizations hold an appropriate individual accountable for each performance measure. Most organizations therefore identify a measurement owner. This is an assigned individual is accountable and responsible for a particular measure.

2.2.6 Performance Appraisal Process

The beginning point for the PA process is recognizing specific performance objectives. An appraisal system likely cannot successfully serve every desired purpose; so management should select the specific goals it accepts to be most critical and practically achievable (Flippo, 1980). Another step in this progressing cycle continues with establishing performance criteria (standards) and communicating these performance desires to those concerned. Then the work is performed and the supervisor appraises the performance. At the end of the appraisal period, both review work performance and asses it against setting performance standards. This review makes a difference to decide how well employees have met these standards, determines reasons for decencies, and develops a plan to correct the problems. At this meeting, goals are set for the next assessment period, and the cycle repeats (Flippo, 1980).

According to (DeCenzo, Robbins, & Verhulst, 2016), performance appraisal has six stages which begin with establishment of performance standards in accordance with the organization's strategic goals. These should evolve out of the company's strategic direction-and, more specifically, the job analysis and the job description. These performance standards also are clear and objective enough to be understood and measured. Too often, these standards are articulated in ambiguous phrases that tells us little, such as a full day's work or a good job. The expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to, at some later date, communicate these expectations to his/her employees, mutually agree to particular job performance measures, and assess their performance against these built-up standards.

Once performance standards are established, next it is necessary to communicate these expectations; it should not be part of the employees' job to guess what is expected of them. As well numerous jobs have vague performance standards, and the problem is compounded when these standards are in segregation and do not involve the employee. It is important to note that communication is a two street: the insignificant transference of information from the supervisor to the employee with respect to desires is not communication.

The third step in the appraisal process is the measurement of performance. To decide what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure.

There are four common sources of information used frequently by managers regarding how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each of the sources has its own strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure, since the selection of the wrong criteria can result in serious and dysfunctional consequences. Moreover what we measure determines, to a great extent, what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually see in the first steps of the appraisal process.

The fourth step in the appraisal process is the difference of tangible performance with standards. The point of this step is to note differences between standards and tangible performance so that we will proceed to the fifth step in the process-the discussion of the appraisal with the employee. The sixth step in the appraisal is the distinguishing proof of remedial activities where essential. Corrective actions can be of two types; one is immediate and deals predominantly with symptoms, and the other is basic and delves into causes. Prompt remedial activity is regularly described as "putting out fires", where essential remedial activity gets to the source of deviation and appears to adjust the differences permanently.

Immediate activity remedies something right now and gets things back on track. Fundamental remedial activity inquires how and why performance deviated. In some instances appraisers may rationalize that they don't have the time to take basic corrective action and therefore must be

content to “perpetually put on fires”. Good *supervisors* recognize that taking a little time to analyze the problem today may save more time tomorrow when the problem may get bigger.

2.2.6.1 Establish Performance Criteria (Standards)

Performance standards are: Based on the position, not the individual, Perceptible, Particular indicators of success, significant, reasonable, and achievable, Describe "fully satisfactory" performance once trained, Expressed in terms of Quantity, Quality, Timeliness, Cost, Safety, or Outcomes (University of St. Thomas, 2015). The most common appraisal criteria are traits, behaviors, competencies, goal achievement, and improvement potential (Wonnia & Yawson, 2015).

Regarding traits certain employee traits such as attitude, appearance, and initiative are the basis for some evaluations. However, many of these commonly used qualities are subjective and may be either unrelated to job performance or difficult to define. In such cases, inaccurate evaluations may occur and create legal problems for the organization (Internship report on performance appraisal 2012). This implies that management must carefully select performance criteria as it pertains to achieving corporate goals.

In a performance appraisal system, common characteristics such as leadership, public acknowledgment, attitude toward people, appearance and prepping, individual conduct, viewpoint on life, moral propensities, resourcefulness, capacity for development, mental readiness, and loyalty to organization are vulnerable to partiality and to the personal taste, impulse, or favor of the evaluator as well as patently subjective in frame and clearly helpless to totally subjective treatment by those conducting the appraisals. At the same time, certain traits may relate to job performance and, if this connection is established, using them may be appropriate (G.shaw, Schinder, Beatty, & Baird, 1995). Behaviors are also used as criteria for performance evaluation process. When an individual's errand result is difficult to decide, organizations may assess the person's task-related behavior or competencies. An appropriate behavior to assess for a manager might be leadership style. For individuals working in groups, creating others, collaboration, and participation, or client benefit introduction may be suitable. Desired behaviors may be appropriate as evaluation criteria because if they are recognized and rewarded, employees tend to repeat them. If certain behaviors result in desired outcomes, there is merit in using them in the evaluation process (G.shaw et al., 1995). Similarly (Cardy & Gregory,

1994) described competencies are broad range of knowledge, skills, traits, and behaviors that may be technical in nature, relate to interpersonal skills, or are business-oriented.

The competencies chosen for assessment purposes ought to be those that are closely related with job success. Some managers suggested that social competencies such as moral and integrity be utilized for all jobs.

2.2.6.2 Communicating the Performance Standard to the Employees

It is not enough if just the standards are fixed. The expected level of performance should be communicated to the employees so that they are all well aware of what is expected of them (Flippo, 1980). Their jobs and jobs-related behavior should be clearly explained to them. It should be noted that job related behaviors are those critical behavior that constitute job success.

The employee should not be presumed to guess what is expected. It is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

2.2.6.3 Measuring and Comparing the Actual with the Standard Performance:

This may be an essential step inside the performance appraisal process. Here the real performances are measured. The primary difficulty of the performance appraisal process is computing the real performance of the employees that is; the work accomplished by the employees pointed the required period of time. It may be tireless to observe the performance throughout the year.

(Flippo, 1980), describes that once the standard levels of performance are set and the actual performances are measured, the next step will be the comparison of the actual with the standard performance. By doing so, the possibility for improvement and progression of an employee can be assessed and judged. This comparison will empower the confirmation of the hole between the genuine and the anticipated performance; such holes can be bridged through training and advancement.

The result can appear the actual performance being more than the specified performance or, the actual performance being less than the specified performance portraying a negative deviation within the organizational performance. It incorporates reviewing, assessing and analysis of data related to the employees' performance.

There are various methods of measuring the performance (Hangula, 2010) among those the following are some:

a) **A *Balanced Scorecard method***: It characterizes what management means by "performance" and measures whether management is accomplished desired results. The Balanced Scorecard translates Mission and Vision Statements into a comprehensive set of objectives and performance measures that can be quantified and appraised (R. a. Kaplan, 2003).

b) ***Critical incident method***: The critical incident method for performance appraisal is a method in which the manager writes down positive and negative performance behavior of employees throughout the performance period (Hangula, 2010; Lee, 2005).

c) ***Weighted checklist method***: This method describe a performance appraisal method where rater familiarize with the jobs being evaluated, prepares a large list of descriptive statements about effective and ineffective behavior on jobs (Hangula, 2010; Lee, 2005).

d) ***Paired comparison analysis***: Paired comparison analysis is a good way of weighing up the relative importance of options. A range of plausible options is listed. Each option is compared against each of the other options. The results are tallied and the option with the highest score is the preferred option (Hangula, 2010; Lee, 2005).

e) ***Graphic rating scales***: The Rating Scale is a form on which the manager simply checks off the employee's level of performance. This is the oldest and most widely used method for performance appraisal. Essay Evaluation method: This method asks managers/ supervisors to describe strengths and weaknesses of an employee's behavior. Essay evaluation is a non-quantitative technique. This method is usually used with the graphic rating scale method (Hangula, 2010; Lee, 2005).

f) ***Behaviorally anchored rating scales***: This method used to describe a performance rating that focused on specific behaviors or sets indicators defining effective or ineffective performance. It is a combination of the rating scale and critical incident techniques of employee performance evaluation (Hangula, 2010; Lee, 2005).

g) Performance ranking method: Ranking is a performance appraisal method that is used to evaluate employee performance from best to worst. Manager will compare an employee to another employee, rather than comparing each one to a standard measurement (Hangula, 2010; Lee, 2005)

h) Management by Objectives (MBO) method: MBO is a process in which managers/employers set objectives for the employee, periodically evaluate the performance, and reward according to the result. MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).

i) 360 degree performance appraisal: 360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them supervisors, peers and subordinates (Hangula, 2010; Lee, 2005)

j) Forced ranking (forced distribution): Forced ranking is a method of performance appraisal to rank employee but in order of forced distribution. For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle, and 10 percent in the bottom. The forced ranking compels managers to make decisions and differentiate between the performances of different employees. Those who are identified as high performers are rewarded; they feel motivated and work harder to grow in the company. Their growth and career plans can be developed suitably and initiatives taken to retain them within the company. This not only helps retain the top talent but also builds succession pipelines (Taylor, 2009).

Analyzing the above methods and techniques for performance appraisal, it is clear that each method or technique will suit a particular situation and condition. Often a combination of two or more methods may do better than a single one (Hangula, 2010).

2.2.6.4 Providing Feedback

The performance appraisal practice does not finish with a critical assessment of the performance. It is fundamental to deliver comment to the employees on their performance. This will offer assistance to the employees on the road to distinguish the frail zones and start activities to overcome them. Such input motivates them to perform superior within the future by avoiding the repetition of the same mistakes. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and coming to agreement.

The input ought to be given with a constructive approach as this may have an impact on the employees' future performance. Performance input assignment should be dealt with exceptionally carefully because it may lead to passionate upheaval on the off chance that isn't giving appropriately. Sometimes employees ought to be arranged sometimes recently giving them criticism because it may be received positively or negatively depending upon the nature and attitude of employees (Flipo, 1976).

2.2.6.5 Initiating Corrective Actions/Decision-making/

When a gap is found between the actual and the expected level of performance, corrective actions should be undertaken. By analyzing the reason for a crevice, an appropriate activity ought to be taken so that the hole is bridged. When the real and the standard performance coordinate there is no requirement for any remedial activity.

The reason for conducting employee performance appraisal is for making choices among employees without any inclination by the HR manager. Decision-making by HR managers about employees fulfilling, advancements, demotions, exchanges, and now and then suspensions/dismissal of employees are depended upon the employee performance appraisal. The decision taken by HR manager ought to coordinate precisely with performance appraisal results of employees to maintain a strategic distance from the grievance or unsettling influences in between them, as they affect overall performance of the organization (Flipo, 1976).

2.2.7 Factors Distorting Performance Appraisal

Performance appraisal is done by the managers or supervisors. They do this job under different situation, at different place and different state of mind and at different time. Hence, their judgments' are likely to be influenced by such factors. They are human being. Their psychology, liking, disliking, preference, judgment etc. are likely to influence the appraisal of employees. As a result, there are chances that errors are likely to take place.

However, efforts should be there so that these can be minimized. Proper care should be taken to give fair and impartial assessment. Generally the following errors are likely to take place in assessment:

(a) *General Bias Errors*: It depends upon the attitude of the assessor. Some may be very strict and other may be very liberal during the assessment work. They may not consider the actual

performance of the employees for assessment work. It affects everyone in general (Spence & Keeping, 2013).

(b) *Halo Effect*: During assessment when the assessor considers or gives importance to one criterion of the assessment and ignoring the other factor, the error is likely to take place. It gives wrong assessment of the employees (Moers, 2005).

(c) *Relation Rating Error*: When one task is related to another task then the assessor gives importance to that logical relationship more. and it creates the error in the assessment (Prendergast & Topel, 1993).

(d) *Contrast and Similarity Errors*: The assessors assess the other employees based on their own assessment. The assessment may be similar or contrast to assessment of the employees (Spence & Keeping, 2013).

(e) *Central Tendency Errors*: When the evaluator does not take the extreme steps for evaluation, he/she avoids the extreme two ends. He follows the central path and gives an average rating for the performance. The range of assessment is very narrow. It dissatisfies the excellent performers but protects the poor performers also.

(f) *Proximity Errors*: When a rater assesses one high side then he/she tends to assess also the high side of others as well. He/she wants to justify it with everyone but in the beginning he/she has done the assessment on wrong side and that affects the whole assessment (Spence & Keeping, 2013).

(g) *Rating Inflation*: When a supervisor's rating goes very high without any reason, it is called inflated rating. The supervisor should make that the ratings are on fact basis and not based on emotions or feeling of individuals.

The aforesaid factors affect the performance appraisal individually or collectively. Hence, performance appraisal may not be correct or may be biased. There is no hard and fast rule that these errors will take place with every assessor. However, these are likely to affect the assessment work of the assessors. Hence, the assessors should keep these points in mind and review the rating errors on regular basis. If the proper care is taken then the assessment work will be adequate (University of St. Thomas, 2015).

2.3. Empirical Literatures

2.3.1. Researches in other Countries

Performance is usually looked at in terms of outcomes and in terms of behavior (Nassazi, 2013). Because it is clarified that, there are a number of measures that can be taken into thought when measuring performance like utilizing efficiency, proficiency, efficiency, effectiveness, quality, and productivity measures. Hence, managers should have to ensure that the organizations strive to realize high performance levels. This implies that managers have to set the specified levels of performance for any periods in question. This enables employees to initiated included in planning for the organization, and so takes interest by having a portion inside the complete handle in this way by making the motivation for high performance levels.

As the finding of Abbas research, (Abbas, 2014) indicates the performance appraisal is linked with the employee performance outcomes in Pakista organizations. The research variables were fairness, accuracy, satisfaction, employee performance. The finding showed that these variables are significant except relationship among peers and supervisors regarding performance appraisal process.

On the other hand (Pulakos, 2009), argued that while many research findings suggest that there may be poorly designed performance management systems in many organizations, it is typically not poorly developed tools and processes that cause difficulties with performance management. May be, challenges emerge since, at its core, performance management is a highly personal and frequently debilitating preparation for both managers and employees.

As (Farrell, 2013), described lack of employee involvement, development of employees in the appraisal, and inconsistent for-all appraisal structures are main factors for effectiveness of performance appraisal process.

The study of (Hangula, 2010), confirmed that the implementation of performance appraisal have not only reluctance but lack of authority, accountability and motivation on the part of senior officers in the line of implementation. It was discovered as a pitfalls in the appraisal process that there are lack of thought as to the most appropriate system for the organization, lack of consultation at the acceptance stage, leading to misunderstandings as to motives, inadequate training. Therefore, the appraisal was not only applied inconsistently but it was

completely discarded and the instruments in place were not fully used to prove whether they are effective or not. In relation to this most promotions were not done according to the personnel policy and that no feedback was given to members who were assessed. The study also discovered that the directing standards for the implementation of the performance appraisal process have been neglected so that a critical number of the respondents were also not familiar with the appraisal system due to lack of official dissemination of information in this regard (Hangula, 2010).

2.3.2. Researches in Ethiopia

(Tekalegn Girma, 2016) conducted a research on Effect of Performance appraisal in Hawassa University. The findings of the research shows that there is a wide gaps in the application of all the components of performance appraisal process such as, performance standards, communicating established standards, measuring actual performance and compare with standards ,discussing the appraisal with the employee and giving feedback and indicating corrective action, are well correlated with employee performance.

(Teshome, 2013), conducted a research on appraisal system in Ethio-Telecom. The findings of his research show that most employees (nearly half of the respondents) are not happy with the existing performance appraisal system because of the following reasons. The study showed that the objectivity of the criteria implemented was not exhaustive and adequate enough to identify good performers from poor performers. Besides it is not customized to job characteristics. This will unfavorably affect personal improvement and organizational development as criteria items have strong correlation with these two independent variables.

Secondly, the appraisal process was also not clearly communicated to all employees prior to its implementation. This hampers its effectiveness for personal improvement and organizational development. In addition , the study indicate the fact that there is absence of skill and knowledge on the appraiser's side; no clear communication was in place prior to implementation and it had resulted in failing appraiser to keep file during evaluation periods and in giving equivalent ratings to all for simply avoiding rivals. Hence, performance appraisal can adversely affect the morale of the employees and create dissatisfaction among the employees there by in

return affecting personal improvement and organizational development variables (Teshome, 2013).

In the same way, (Tekalegn, 2016), indicated that all the components of performance appraisal process such as, performance standards, communicating established standards, measuring actual performance and compare with standards , discussing the appraisal with the employee and giving feedback and indicating corrective action are well correlated with employee performance.

Empirical studies revealed that performance appraisal dimensions have contributions to personal improvement and organizational development. The purpose of evaluating the relationship of performance appraisal system with personal improvement and organizational development is to assess effectiveness of organization’s performance appraisal system (Kebede, 2014), and (Abdu, 2010).

2.3.3. Conceptual Framework

The following conceptual framework in a Figure 1 shows outline of the proposed relationships between performance appraisal and employees performance improvement with five dimensions.

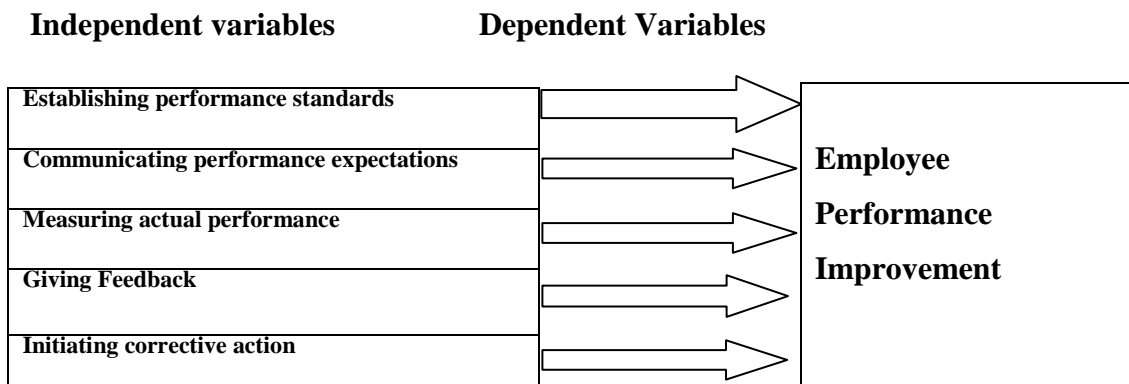


Figure 1: Relationships between performance appraisal and employees performance improvement

Source: Adapted from Teshome, (2014).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This part of the research report deals with the main issues related to the research methods. The main parts discussed are key methods, survey population and sampling of the study, data source and type, data collection methods and instruments, validation of instruments, and data analysis and interpretation.

3.2. Research Design and approach

The paper was used to analyze the effect of performance appraisal on employee's performance improvement of the Ethiopian Management Institute (EMI). The successful practice of performance appraisal framework in EMI is a vital one for other public services organization in the country by demonstrating how to implement performance appraisal system. Hence, as a researcher chose Ethiopian Management Institute (EMI) because it may be a driving management improvement established within the nation to evaluate the practice of performance appraisal framework. Furthermore, the viability plays a critical part as a standard for others public sector organizations.

This research is explanatory type because, as (Kothari, 2004) explained, it attempts to explain the nature of certain relationships, or establish the difference among groups, believes of a population, which explain attitudes and perception towards an issue.

Thus, study aim to use quantitative approach in order to answer the research questions. Furthermore, the study aims to look at the humanistic aspect of PA and to have a rich understanding of people's attitudes, behaviors, and values of performance appraisal and its gaps in relation to performance appraisal challenges rather than the scientific or statistical aspect.

In order to make the research sound and to analyze the relationship among the variables, the researcher mainly deployed quantitative type of research design. Quantitative research design allows the researcher in order to use objective measurement, to quantifying the relationships

between variables, collect data in the form of numbers and use statistical tools for data analysis. The study is cross-sectional in the sense that relevant data was collected at one point in time.

The primary data sources were integrated to be able to provide adequate discussion and to get current information about what has already been discovered. As stated by (Saunders, Lewis, & Thornill, 2009) the quantitative approach allows the collection of quantitative data and the analysis of the collected data using descriptive statistics and inferential statistics. (Creswell, 2014) expressed that a quantitative or numeric representation of tendencies, attitudes, or opinions of a population by revising a sample of the population.

By using quantitative method, the researcher identified the degree of influence in identified factors on performance of EMI employees using the Likert Scale.

3.3. Sample Size and Sampling Technique

The study used stratified random sampling technique for selecting samples from the population. Thus, the target populations taken were employees working at Ethiopian Management Institute. Multiple stage sampling was used to select subjects. Accordingly, purposive sampling was used to selecting Permanent employees; strata sampling method was used to select the department due to heterogeneity nature by the cultural difference on performance appraisal; and probability proportional to sample method to determine the sample size from each stratum and random sampling lottery method was used to select employee through department due to homogeneity nature. Hence, through this technique it is conceivable to guarantee that each of the employee represent proportionally within the sample. Therefore, from a total of 124 permanent employees, 93 were select random based on homogeneity and heterogeneity nature of representativeness in EMI.

3.4. Sample Size Determination

The sampling technique that the research used in addressing the research problem is what (Kothari, 2004) called proportional random sampling. From the total population of the EMI employees, the respondents were select based on random sampling size determination formula. The sample size determination formula for the study is derived from (Kothari, 2004). Kothari stated that in case of finite population, the sample size determination formula is as follows:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Where,

N = size of population

n = size of sample

e = acceptable error

p = sample proportion of successes, $q = 1 - p$;

z = the value of the standard deviation at a given confidence level

The size of the total population is 124 where p is 0.5 because at this p value n was the maximum and the sample yielded at least the desired precision. The z value at 95% of confidence level is 1.96.

$$n = \frac{1.96^2(0.5)(0.5)(124)}{0.05^2(124 - 1) + 1.96^2(0.5)(0.5)}$$

$$n = \underline{93}$$

Thus, the sample size of this study is 93 employees from EMI. The total numbers of sample were proportionally distributed as follows to determine the sample in EMI.

Table 1: Questionnaires Distribution through Department

| No. | Department | No Employee | Proportional allocation | Sample Size | Collected questioners |
|-----|--|-------------|-------------------------|-------------|-----------------------|
| 1 | General Director | 5 | 4 | 4 | 4 |
| 2 | Capacity Building | 45 | 36.3 | 34 | 34 |
| 3 | Internal Audit | 4 | 3.2 | 3 | 3 |
| 4 | Strategic Planning and Organizational Management | 4 | 3.2 | 3 | 3 |
| 5 | Strategic Partnership and Communication | 7 | 5.7 | 5 | 5 |
| 6 | Facility | 4 | 3.2 | 3 | 3 |
| 7 | Human Resource Management | 4 | 3.2 | 3 | 3 |

| | | | | | |
|-------|--|-----|------|----|----|
| 8 | Financial Management | 15 | 12.1 | 11 | 11 |
| 9 | Supply and Property Administration | 21 | 17 | 16 | 15 |
| 10 | Information and communication Technology | 8 | 6.4 | 6 | 6 |
| 11 | Debrezeyit Training Center | 7 | 5.7 | 5 | 5 |
| Total | 124 | 100 | 93 | 92 | |

Source: Own Survey 2020

3.5. Data Type and Sources

For the purpose of addressing the study objectives primary and secondary data were used. The primary data were collected using structured questionnaire from the sampled employees. The secondary data regarding employees' profile and their performance result were obtained from the Strategic Planning and Organizational Management and Human Resource Management Directorates and the published annual report magazine of EMI. The questionnaires were composed of closed ended Likert scale questions. In an attempt to complement and validate one research method with the other in order to compare results in different contexts, the research were triangulate via using primary data sources specifically, questionnaires and secondary data sources to check the validity of data that were gain from questionnaires.

3.6. Data Collection tools and Instrument

The data was collected online since offices were closed and many of the employees under the study were working from home as the result of COVID-19. As it is discussed in chapter, data collected were analyzed by using SPSS.

In this study, the employee's performance was used as a dependent variable to measure performance improvement. The independent variables are those which focused on establishing performance targets, communicate performance expectation to employees, appraisal process, discussing appraisal result and initiating corrective action. To this end, questionnaire was developed from literatures for the independent and dependent variables related to appraisal system.

The questionnaire was structured with closed ended type. Accordingly, 5 point Likert scales were arranged for respondents since it was supportive for the researcher to know the respondents' feelings. In addition to this, the questionnaire was employed aiming that

respondents express their feelings, perceptions, problems related to performance appraisal practices in the organization.

The questionnaire explores the level of PA on performance in identifying and establishing performance criteria (standards), communicating these performance expectations, evaluating actual performance as compared to established standards, giving feedback, and taking corrective action. As well, the qualitative aspect was focused on finding key challenges in PA using BSC.

3.7. Method of Analysis

The interpretation were conducted which can account as quantitative in nature. Before the analysis, the raw data were classified and tabulate after ensuring that they are carefully collect. Data consistency and completeness were checked. Then quantitative data were coded and entered into computer using SPSS software version 23 to analyze and present the data through the statistical tools.

The descriptive statistical results were presented by tables, frequency distributions and percentages to give a condensed picture of the data. This was achieved through summary statistics, which includes the means values, and standard deviations values.

The inferential analysis results were presented by Pearson's correlation coefficient was used to determine the relationships between performance appraisal process and employee performance improvement.

T- Test was used to determine the difference of independent continuous variable between two groups and ANOVA test for more than two groups.

Multiple Regression analysis was used to investigate the effect of performance appraisal's process on employees' performance improvement.

3.7.1. Data Screening

In quantitative research, particularly when primary data is collected from surveys, a preliminary analysis or data screening is a critical step required in order to sure the data is usable, reliable and valid for subsequent analyses (Roni, 2014) and (Lowry & Gaskin, 2014). In this study preliminary data analysis was carried out by using appropriate statistical methods to check unengaged respondents, and missing values. Case wise missing data were identified by running

descriptive statistics; then, the frequency table identified was put in SPSS. Then percentages of missing variables per case were calculated. Based on the finding, 36 cases had missing values but the maximum missing value found to be 3.3% of the total variables which is less than 10% of the variables. (Lowry & Gaskin, 2014), recommends to drop cases from the data set if missing is more than 10% since these observations doesn't have major effect on the analysis; accordingly, 36 cases which have missing values on less than 10% of the variables, were treated by imputation. For continuous scales, missing values were replaced with mean and for ordinal scales like likert scale missing values were replaced with median with nearby points (Lynch, 2003).

The data was checked for unengaged respondents by examining the standard deviation of each case and the minimum standard deviation was 0.176. If the minimum standard deviation (SD) was above the cut point of 0.2, it indicates there are unengaged cases in the data set (Lowry & James Gaskin, 2014). Therefore one respondent is dropped because the standard deviation of the respondent is less than the cut point 0.2.

3.8. Validity and Reliability

For better content validity, copies expert questionnaire were given out after the questionnaire is designed. Regarding its contents and clarity, the questionnaire was also checked by subject matter (PA) experts who are working in EMI. They evaluated the questionnaires and commented their suggestions and amendments were made based on the feedbacks.

The questionnaire was designed on the basis of Multi-Dimension Measurement and all answers will be measured on a 5-point Likert Scale, with 5 being Strongly Agree and 1 being Strongly Disagree. A higher score represents a greater degree of agreement, and vice versa. Since the five point Likert scale is more common in various areas of research, the general population is familiar with the format. Therefore, in addition to external validity, the use of a Likert scale could be considered a benefit as it would reduce the amount of potential confusion and increase the internal validity of the questionnaire.

According to (Leach, Henson, Odom, & Cagle, 2006), testing the validity of a questionnaires using Pearson's correlation coefficient must statistically significance at 5% (0.05). Pearson correlation is compared with the critical coefficient of the degree of freedom $DF=N-2$.

Accordingly, if the Pearson correlation is greater than the critical coefficient, the questionnaires are valid; and if the Pearson correlation is less than the critical coefficient the questionnaires are invalid. As shown in the table attached in the Annex 2, the critical coefficient degree of freedom at 90 is 0.205; that is Pearson correlation is greater than the critical coefficient. Therefore the questionnaires are valid.

Reliability can be expressed in terms of stability, equivalence and consistency of a test. Consistency check, which is commonly expressed in the form of Cronbach coefficient, is a popular method. In general speaking, the higher the Alpha is, the more reliable the test is. There isn't a commonly agreed cut-off. Usually 0.7 and above is acceptable (Nunnally, 1978). Based on this the table 2 below indicates that the study's Cronbach's Alpha range was between 0.727 – 0.891. It was above the acceptance level. Therefore, the high reliability of the study is confirmed and can be used in further analysis.

Table 2: Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .842 | .845 | 9 |
| .727 | .726 | 4 |
| .811 | .820 | 8 |
| .892 | .891 | 5 |
| .800 | .797 | 5 |
| .861 | .861 | 3 |

Source: Own Survey 2020

3.9. Econometric Model Specification

For the purpose of this study linear regression econometric model was employed since the study deals with continuous dependent variable, performance improvement.

Equation formulation

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_n x_n + E$$

Where: Y= Dependent Variable

β_0 = constant

β_n = coefficient

X_n = Independent variables

E = error terms

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_n x_n$$

Where: Y = Employee performance

x_1 = establishing performance standards

x_2 = communicating established standard

x_3 = measuring actual performance and compare with standards

x_4 = discuss the appraisal with the employee and giving feedback

x_5 = initiate corrective action

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATIONS

4.1. Introduction

This chapter presents the results and analysis including demographic data of the respondents, and discusses descriptive and inferential statistics results related to the research topic.

4.2. Results and Discussions

4.2.1. Response Rate

The sample for the study consisted of 93 Ethiopian Management Institute employees. This part provides with the discussion of the final results and the process through which the results were obtained. This includes background information of respondents, the statistical methods of analysis i.e. descriptive analysis, correlation analysis, and regression analysis. The study targeted a total of 93 respondents. However, in order to collect primary data, 100 questionnaires were distributed to the sampled respondents; from those, only 93 respondents responded and returned their survey contributing to 100% response rate. Agreeing to (Mugenda & Mugenda, 2003) a reaction rate of 50% is satisfactory for examination and detailing; a rate of 60% is good and a rate of 70% and above is great; in this manner, this response rate is great for investigation and reporting.

Table 3: Response Rate

| Department | Distributed | Returned/used | Percentage |
|--|-------------|---------------|------------|
| General Director | 4 | 4 | 100 |
| Vice Director/Capacity Building | 34 | 34 | 100 |
| Internal Audit | 3 | 3 | 100 |
| Strategic Planning and Organizational Management | 3 | 3 | 100 |
| Strategic Partnership and Communication | 5 | 5 | 100 |
| Facility | 3 | 3 | 100 |
| Human Resource Management | 3 | 3 | 100 |
| Financial Management | 11 | 11 | 100 |
| Supply and Property Administration | 16 | 16 | 100 |

| | | | |
|--|----|----|-----|
| Information and communication Technology | 6 | 6 | 100 |
| Debrezeyit Training Center | 5 | 5 | 100 |
| Total | 93 | 93 | 100 |

Source: Own Survey, 2020

4.2.2. Demographic Characteristics of Respondents

The demographic characteristics of respondents used in the study were gender, age, education, and experience in the organizations. The table below shows the details of background information of the respondents.

Table 4: Demographic Characteristics of Respondent

| Variables | | Frequency | Percent |
|--------------------------------|------------------------|-----------|---------|
| Sex of respondents | Male | 5 | 56.5 |
| | Female | 40 | 43.5 |
| | Total | 92 | 100.0 |
| Age of respondents | 18-28 | 6 | 6.5 |
| | 29-39 | 50 | 54.3 |
| | 40-50 | 23 | 25.0 |
| | 51 and above | 13 | 14.1 |
| | Total | 92 | 100.0 |
| Levels of Education | Diploma | 6 | 6.5 |
| | 1 st Degree | 34 | 37.0 |
| | 2 nd Degree | 44 | 47.8 |
| | 3 rd degree | 8 | 8.7 |
| | Total | 92 | 100.0 |
| Experience in the organization | Less than 1 year | 2 | 2.2 |
| | 1-5 years | 11 | 12 |
| | 6-10 years | 29 | 31.5 |
| | Greater than 10 | 50 | 54.3 |
| | Total | 92 | 100.0 |

Source: Own Survey 2020

The table 4 above shows these characteristics of the respondents who filled questionnaires. The first demographic character is the sex of the respondents. In this regard, 52 (56.5%) of the respondents were male, while 40 (43.5%) were female respondents. From this table, one can

understand that the majority of the respondents are male. Regarding age, 50 (54.3%) are in between 29-39 age; those 23(25%) respondents are between 40-50; and 13 (14.1%) are above 51, the rest 6 (6.5%) are 40-50. From this table, one can understand the majority of the respondents age range is between 29-39 years.

Regarding educational level, 6 (6.5 %) of the respondents hold diploma, 34(37%) of them hold 1st Degree, and 44 (47.8%) of them are 2nd Degree holders, those who have 3rd degrees are 8 (8.7%). From the table one can understand the majority of the respondents are holding 2nd degree.

When we classify respondents on the premise of their experience, 2 (2.2) of the respondents are having less than 1 years experience, and those who have 1-5 experience are 11(12%). On the other hand, those who have 6-10 years of experience are 29 (31.5%) and the rest who have above 10 years are 50(54.3%). From the table on can understand the majority of the respondents have an experience of above 10 years.

4.2.3. Respondent Perception on their Performance Appraisal Components

4.2.3.1. Establishing Performance Standard

Table 5: Establishing Performance Standard as perceived by the respondents

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | |
|---|--|------------------------------|------|---------|------|------------------------|------|
| | | F | % | F | % | F | % |
| 1 | Organization works/ activities/ have standard. | 4 | 4.3 | 12 | 13 | 76 | 82.6 |
| 2 | Performance targets set are in line with the objectives and the mission of the organization. | 12 | 13 | 12 | 13 | 68 | 74 |
| 3 | The goals developed for performance period are challenging and realistic | 17 | 18.5 | 30 | 32.6 | 45 | 48.9 |
| 4 | Targets set are evolved based on job analysis and job descriptions. | 18 | 19.6 | 15 | 16.3 | 59 | 64.1 |
| 5 | Targets set are given based on employees capacity and experience | 26 | 28.3 | 23 | 25 | 43 | 46.2 |

| | | | | | | | |
|---|---|----|------|----|------|----|------|
| 6 | Targets set are given based on past performance baseline | 24 | 26.1 | 17 | 18.5 | 51 | 55.4 |
| 7 | Accidental activities /works/ which takes time are incorporated in planning process | 36 | 39.1 | 16 | 17.4 | 40 | 43.5 |
| 8 | Measurements to targets are set objectively and appropriate to the task | 26 | 28.3 | 22 | 23.9 | 44 | 47.8 |
| 9 | Some criterion/targets/ of the assessment have given more emphasis | 15 | 16.3 | 15 | 16.3 | 62 | 67.4 |

Source: Own Survey 2020

As shown in the above table, the first item aims at knowing whether the organizations work/ activities are having standards. Accordingly, most of respondents 74(82.6%) strongly agree and agreed and, 12(13%) replied neutral and 4(4.3%) responded strongly disagree and disagree. This shows that even though majority of respondents agree that they have standards for targets, but there is still a gap in setting standard.

Concerning the targets alignment with the objectives and the mission of the organization, the total 12(13%) respondents replied strongly disagree & disagree and, 12(13%) neutral the rest 68(74%) strongly agree & agree that the targets given are align with the organization's mission and vision. This implies that most of respondents are well informed about their roles which are directly derived from the strategic objective of the organization. But still there is still a gap of having common language.

When it comes to the having challenging and realistic goals as shown in the table above, the total of 17(18.5%) replied strongly disagree & disagree 30(32.6%) neutral and 45 (48.9%) strongly agree & agree that the goals developed for performance period are challenging and realistic. This implies that there is a gap in setting challenging and realistic goals.

Regarding the relationship between the actual work and their work description a total of 18 (19.6%) the respondents replied strongly disagree & disagree 15(16.3%) neutral and 59(64.1%) strongly agree & agree that the targets set for employees are evolved based on job analysis and job descriptions. Concerning the targets set are given based on employee's capacity and experience variable, a total of 26(28.3%) the respondents strongly disagree & disagree, 23(25%)

neutral and 51(55.4%) strongly agree & agree. Similarly, the targets set are given based on past performance baseline, a total of 24(26.1%) the respondents were strongly disagree & disagree 17(18.5%) were neutral and the rest 51 (55.4%) were strongly agree & agree. Here in these three (target set based on job analysis, based on capacity and past performance baseline) consecutive variables around half of the respondents are disagreed and not yet decided. This shows that the targets set in the organizations are not based on job description and analysis, and their capacity and experience as well as in past performance baseline. Hence, the researchers found that there is still a challenge in setting appropriate targets for employees based on their job description, background, and experience and past performance baseline. This in turn hampers employee's performance and organization as well.

When it comes to accidental activities /works/ which takes time are incorporated in planning process response, a total of 36(39.1%) the respondents were strongly disagree & disagree, 16(17.4%) were neutral and 40 (43.5%) were strongly agree & agree. From this one can observe that there is big gaps in planning process as of majority respondents agree that accidental works that are assigned to do didn't measured.

Regarding measurements to targets appropriateness to the task, a total of 26(28.3%) respondents were strongly disagree & disagree, 22(23.9%) were neutral and the rest 44(47.8%) were strongly agree & agree. Similarly the targets shows that some criterion/targets/ have given more emphasis and weight in the standard category, a total of 15(16.3%) the respondents were disagree, 15(16.3) were neutral and the rest 62 (67.4%) were agree. From these anyone can understand that there is a challenge in setting appropriate measurements. As a result, we can conclude that performance standards set for employees and organizations is needs improvement.

4.2.3.2. Communication Performance Expectation

Table 6: Communication performance expectation as Perceived Respondent

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | |
|---|---|------------------------------|------|---------|------|------------------------|------|
| | | F | % | F | % | F | % |
| 1 | Performance targets set are based on agreement with employees and appraisers. | 26 | 28.3 | 18 | 19.6 | 48 | 52.2 |
| 2 | There is agreement between appraisers and employees in evaluation process. | 30 | 32.6 | 14 | 15.2 | 48 | 52.2 |
| 3 | The organization's Vision and mission is communicated clearly in line with targets. | 19 | 20.7 | 18 | 19.6 | 55 | 59.8 |
| 4 | The target (goals and assignments) set to individuals are clear and detail. | 19 | 20.7 | 25 | 27.2 | 48 | 52.2 |

Source: Own Survey 2020

As shown in the above table 6 in communicating performance standards category there are four variables. Regarding respondent responses in the agreement on planning, a total of 26(28.3%) the respondents strongly disagree & disagreed, 18(19.6%) replied neutral and 48(52.2%) strongly agree & agreed that the performance targets set are based on agreement with employees and appraisers. This shows that even though more than half of respondents agree that there is agreement, but there is a gap in agreement.

In connection with their level of agreement on the evaluation process, 30(32.6%) of the respondents strongly disagree & disagree, 14(15.2%) neutral and 48(52.2%) strongly agree & agree that there is agreement in evaluation process. This shows that even though there is no agreement in employees what they do in the first variable there seems to be easy and no confrontation in evaluation process. But still it shows some gaps which need further improvement.

Regarding the clarity and detail of goals setting, total of 19(20.7%) of the respondents disagree, 25 (27.2%) neutral and 48 (52.2%) strongly agree & agree that measurement to targets are clear

and detail. This shows that there is a gap in communicating the standards clearly and in a detailed manner.

4.2.3.3. Measuring Actual Performance

Table 7: Measuring Actual Performance as Perceived Respondents

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | |
|---|---|------------------------------|------|---------|------|------------------------|------|
| | | F | % | F | % | F | % |
| 1 | The actual performance is compared with the predetermined targets. | 15 | 16.3 | 19 | 20.7 | 58 | 63 |
| 2 | The actual performance of the employee is measured on the basis of information available. | 19 | 20.7 | 30 | 32.6 | 43 | 46.7 |
| 3 | Performance appraisal results are a true reflection of abilities | 35 | 38 | 22 | 23.9 | 35 | 38.1 |
| 4 | The appraisers have sufficient Knowledge about Performance Appraisal process. | 28 | 30.4 | 27 | 29.3 | 37 | 40.2 |
| 5 | Performance appraisal process takes place in one department are consistent across other departments in the organization | 34 | 37 | 24 | 26.1 | 34 | 37 |
| 6 | Appraisers are unbiased /impartial/ while assessing the performance. | 31 | 33.7 | 32 | 34.8 | 29 | 31.5 |
| 7 | Some Employees can get high result/ above their core process unit result | 27 | 29.3 | 12 | 13 | 53 | 57.6 |
| 8 | Performance appraisal results show its alignment with organizational results. | 23 | 25 | 22 | 23.9 | 47 | 51.1 |

Source: Own Survey 2020

As shown in the above table7, in performance appraisal process categories there are eight variables. Regarding respondent responses in the comparison of actual performance with the predetermined targets, a total of 15(16.3%) the respondents were strongly disagree & disagree,

19(20.7%) were neutral and 58(63%) were strongly agree & agree. This implies that appraisal results compared with the agreed standards.

Concerning the availability of information while measuring that the actual performance, a total of 19(20.7%) respondents were strongly disagree & disagree, 30(32.6%) were neutral and 43(46.7%) were strongly agree & agree. Similarly, in the performance appraisal results truthfulness, a total of 35(38%) respondents were strongly disagree & disagree and 22(29.3%) were neutral and 37(40.2%) were strongly agree & agree. This shows that organization has a gap in measuring actual results as compared with predetermined targets based on information available.

Regarding the supervisors knowledge about appraisal, a total of 28(30.4%) respondents were strongly disagree & disagree, 27(29.3%) were neutral and 37 (40.2%) were strongly agree & agree that the appraisers have sufficient knowledge about performance appraisal process. This implies that supervisors have a capacity gap in measuring actual performance.

In relation to the consistency among departments while assessing performance, a total of 34(37%) respondents were strongly disagree & disagree, 24(26.1%) were neutral and 34(37%) were strongly agree & agree. that the performance appraisal process takes place in one department are not consistent across other departments in the organization. This shows that there is a skill gaps in measuring employees result as of inconsistency during measurement process.

Concerning impartiality while measuring performance, a total of 31(33.7%) respondents were strongly disagree & disagree, 32(34.8%) were neutral and 29(31.5%) were strongly agree & agree that appraisers are unbiased /impartial/ while assessing the performance. this implies that more than half of respondents agree that there is biasness while measuring employees performance.

Regarding result acceptance in this category, a total of 27(29.3%) the respondents were strongly disagree & disagree, 12(13%) were neutral and 53(57.6%) were strongly agree & agree that employees can get high result/ above their core process unit result. This shows that organization measure results based on traditional, judgmental (bell curve) measurement system not measuring based on BSC.

When we see the alignment of results in the organization, a total of 23 (25%) respondents strongly disagree & disagreed, 22(23.9%) neutral and 47 (51.1%) strongly agree & agree that

there is alignment in results of the organization and employees. From this one can understand that there is a gap in aligning results.

4.2.3.4. Giving Feedback

Table 8: Giving Feedback as Perceived Respondents

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | |
|---|--|------------------------------|------|---------|------|------------------------|------|
| | | F | % | F | % | F | % |
| 1 | Feedback is provided to the employees after appraisal process | 22 | 23.9 | 19 | 20.7 | 51 | 55.4 |
| 2 | The discussion on appraisal enables employees to know their strengths and weaknesses. | 23 | 25 | 16 | 17.4 | 53 | 57.6 |
| 3 | The results of the appraisal is Communicated and discussed with the concerned employees | 20 | 21.7 | 19 | 20.7 | 53 | 57.6 |
| 4 | The feedback provided by supervisor during feedback process is sufficiently clear and detail | 35 | 38 | 17 | 18.5 | 40 | 43.5 |
| 5 | The performance feedback provided is helpful in improving on-the job performance. | 28 | 30.4 | 16 | 17.4 | 48 | 52.2 |

Source: Own Survey 2020

The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. Hence, the researchers tried to forward the following question regarding performance review and found out the result which is presented below.

As shown in the above table 8, in discussion on result (feedback) process category, there are five variables. Regarding respondent responses in the feedback presentation, a total of 22(23.9%) the

respondents were strongly disagree & disagree, 19(20.7%) were neutral and 51 (55.4%) were strongly agree & agree that the feedback is provided to the employees after appraisal process. This implies that proper feedback for standards provided.

Similarly, in the employees knowledge about their status, a total of 23(25%) respondents were strongly disagree & disagree, 16(17.4%) were neutral and 53(57.6%) were strongly agree & agree that the discussion on appraisal enables employees to know their strengths and weaknesses. The appraisal provided do let employee to know where they are going as of most of respondents agree with the question. This shows that most of respondents agree that they do not know their strengths and limitation in detail.

With regard to the feed discussion with concerned employees, a total of 20(21.7%) the respondents were strongly disagree & disagree, 19 (20.7) were neutral and 53(57.6%) were strongly agree & agree that the results of the appraisal is communicated and discussed with the concerned employees. This shows that there is limitation in communicating results with the concerned employee.

In the response of detail and clear ability of feedback a total of 35(38%) respondents were strongly disagree & disagree, 17(18.5%) were neutral and 40(43.5%) were strongly agree & agree that the feedback provided by supervisor during feedback process is not sufficiently clear and detail. This implies that there is a gap in clear and detail feedback.

To the importance of the feedback given, a total of 28(30.4%) the respondents were strongly disagree & disagree, 16(17.4%) were neutral and 48(52.2%) strongly agree & agree that the performance feedback provided is helpful in improving on-the job performance.

4.2.3.5. Initiate Corrective Action

Table 9: Initiate Corrective Action as Perceived Respondents

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | |
|---|--|------------------------------|------|---------|------|------------------------|------|
| | | F | % | F | % | F | % |
| 1 | Based on the appraisal result, performance gaps/ improvement areas/ are identified | 27 | 29.3 | 31 | 33.7 | 34 | 37 |
| 2 | Individuals prepare personal development plan to fill their performance gaps. | 28 | 30.4 | 25 | 27.2 | 39 | 42.4 |
| 3 | There is a strong follow-up and support system to implement personal development plan. | 41 | 44.6 | 23 | 25 | 28 | 30.4 |
| 4 | The measures to correct or improve the performance are initiated in the organization. | 28 | 30.4 | 23 | 25 | 41 | 44.6 |
| 5 | The result of Performance is used for rewarding or demotion mechanism. | 28 | 30.4 | 17 | 18.5 | 47 | 51.1 |

Source: Own Survey 2020

As shown in the above table 9, in taking actions categories there are five variables. Regarding respondent responses in the identification of improvement areas, a total of 27(29.3%) respondents were strongly disagree & disagree, 31(33.7%) were neutral and 34(37%) were strongly agree & agree that based on the appraisal result, performance gaps/ improvement areas/ are identified. This implies that organizations do not identify their improvement areas as a result will not have a chance to improvement in performance at all.

In the preparation of personal development plan, a total of 28(30.4%) respondents were strongly disagree & disagree, 25(27.2%) were neutral and 39(42.4%) were strongly agree & agree that individuals prepare personal development plan to fill their performance gaps. This shows that in the organization employees have planned what they want to be or to fill their performance gaps, still there is a gap on implementation of the plan. Similarly, in the follow-up system to fill gaps, a total of 41(44.6%) respondents were strongly disagree & disagree, 23(25%) were neutral and 28(30.4%) were strongly agree & agree that there is no a strong follow-up and support system to

implement personal development plan. This implies that organization do not support employees to develop their personal plan as well as follow-up system in filling their gaps.

In taking measure for appraisal result, a total of 28(30.4%) respondents were strongly disagree & disagree, 23(25%) were neutral and 41(44.6%) were strongly agree & agree that the measures to correct or improve the performance are initiated. This implies that organizations appraise employees for the sake of appraisal not for improvement purpose.

In the use result for reward mechanism, a total of 28(30.4%) respondents were strongly disagree & disagree, 17(18.5%) were neutral and 47 (51.1%) were strongly agree & agree that the result of performance is used for rewarding or demotion mechanism. This implies that rewards programmes prepare in organization are based on performance results.

4.2.4. Respondent Perception on their Performance Improvement

Table 10: Performance Improvement

| | Items | Strongly Disagree & Disagree | | Neutral | | Strongly Agree & Agree | | Mean & Standard Deviation | |
|---|---|------------------------------|------|---------|------|------------------------|------|---------------------------|-----------|
| | | F | % | F | % | F | % | Mean | Std. Dev. |
| 1 | As you stay in the organization your actual performances are improved | 28 | 30.4 | 28 | 30.4 | 36 | 39.2 | 3.09 | 1.06 |
| 2 | Performance results have a continuous progress. | 27 | 29.3 | 19 | 20.7 | 46 | 50 | 3.26 | 1.08 |
| 3 | As you stay in the organization your competencies are improved | 27 | 29.3 | 28 | 30.4 | 37 | 40.3 | 3.08 | 1.09 |

Source: Own Survey 2020

Table 11: Mean Value Level of Effectiveness

| | |
|-----------------------------|--------------------|
| Mean value between 4-5 | Highly effective |
| Mean value between 3- 3.999 | Effective |
| Mean value between 2 -2.999 | Ineffective |
| Mean value below 2 | Highly Ineffective |

Source: Oumer Mohammed, 2012, p. 44

The table 5 above is the dependent variable description. The category has three items. i.e the actual performance are improved, a total of 28 (30.4%) respondents was strongly disagree and disagree, 28 (30.4%) were neutral and 36 (39.1%) were strongly agree and agree, and that indicated that the mean value of respondent towards their perception in the actual performance are improved in EMI is 3.09 and standard deviation 1.06. This shows that the current appraisal system does improve their performance.

To the competency progress item, a total of 27 (29.3%) respondents were strongly disagree and disagree, 19 (20.7%) were neutral and 46 (50%) were strongly agree and agree that the employee's competency are improved, and that indicated that the mean value of respondent towards their perception in the actual performance are improved in EMI is 3.08 and standard deviation 1.08. This implies that majority of respondents competency does improve as a result of appraisal system. Similarly on the performance results filled having continual progress item, one can see that 27 (29.4%) the respondents were strongly disagree and disagree, 28 (30.4%) were neutral and 37 (40.2%) were strongly agree and agree, and that indicated that the mean value of respondent towards their perception in the actual performance are improved in EMI is 3.26 and standard deviation 1.09. This result implies that the employee performance improvement can be improved.

Table 12: Perception of Performance Improvement by Sex

| Variables | Items | | Sex | | | | Total | | Chi-Square |
|-------------------------|---|------------------------------|----------|------|------------|------|-------|------|------------|
| | | | Male(52) | | Female(40) | | F | % | |
| | | | F | % | F | % | | | |
| Performance Improvement | As you stay in the organization your actual performances are improved | Strongly Disagree & Disagree | 16 | 30.8 | 12 | 30 | 28 | 30.4 | 1.960 |
| | | Neutral | 13 | 25 | 25 | 37.5 | 28 | 30.4 | |
| | | Strongly Agree & Agree | 23 | 44.2 | 13 | 32.5 | 36 | 39.1 | |
| | Performance results have a continuous progress | Strongly Disagree & Disagree | 16 | 30.8 | 11 | 27.5 | 27 | 29.3 | 9.348* |
| | | Neutral | 5 | 9.6 | 14 | 35 | 19 | 20.7 | |
| | | Strongly Agree & Agree | 31 | 59.6 | 15 | 37.5 | 46 | 50 | |
| | As you stay in the organization your competencies are improved | Strongly Disagree & Disagree | 14 | 26.9 | 13 | 32.5 | 27 | 29.3 | .374 |
| | | Neutral | 16 | 30.8 | 12 | 30 | 28 | 30.4 | |
| | | Strongly Agree & Agree | 22 | 42.3 | 15 | 37.5 | 37 | 40.2 | |

* Correlation is significant at the 0.05 level (2-tailed).

Source: Own Survey 2020

From three category of performance improvement, the Chi-Square test in table 7 above is significant for item performance results have a continuous progress. The table indicates performance improvement variable description.

As depicted on table-12, with regard to the respondents perception on a question, performance results have a continuous progress; from the total of 52 male respondents 16 (30.8%), 5 (9.6%) and 31 (59.6) of them were disagree & strongly disagree, neutral, and agree &strongly agree respectively. From the total of 40female respondents, 11 (27.5%), 14 (35%), and 15 (37.5%) of them were strongly disagree & disagree, neutral, and strongly agree & agree respectively. Based on the chi-square test result, there was a statistically significant difference between male and female respondents with regard to their perception towards the question; performance results have a continuous progress at 1% level of significance. Based on this finding, one can conclude that more male respondents (59.6%) were agree and strongly agree that their performance results shown continuous progress than female respondents (37.5%). Similarly, more male respondents

(30.8%) were disagree & strongly disagree that their performance results shown continuous progress than female respondents (27.5%). On the other hand, more female respondents (35%) were not decided (neutral) whether their performance results shown continuous progress than male respondents (9.6%).

4.2.5. Test of Differences among Groups

T-Test

This type of test provides a basis to analyze if there is any difference between two sample groups, e.g. between male and female, before and after treatment (in an experiment), and early and late respondents. According to (Roni, 2014), if the test is significant (i.e. $p < .05$), then we can conclude that the two samples' means are statistically different. The independent sample test result shown on the table-13 below, indicated that there is no statistically significant difference in performance improvement between male and female respondents ($t=0.542$ & $p=0.2$).

Table 13: T-Test (Group Statistics)

| | Sex | N | Mean | Std. Deviation | Std. Error Mean |
|-------------------------|--------|----|--------|----------------|-----------------|
| Performance Improvement | Male | 52 | 3.1923 | 1.00618 | .13953 |
| | Female | 40 | 3.0833 | .88595 | .14008 |

Independent Samples Test

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|-------------------------|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|--------|
| | | F | Sig. | T | Df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| Performance Improvement | Equal variances assumed | 1.668 | .200 | .542 | 90 | .589 | .10897 | .20104 | -.29044 | .50838 |
| | Equal variances not assumed | | | .551 | 88.306 | .583 | .10897 | .19772 | -.28393 | .50188 |

Source: Own Survey 2020

ANOVA

T-Test is useful to test for statistical difference between two groups. However, we have more than two groups of sample, this prompts for other approach in this case, and analysis of variance (ANOVA) is a good choice to start. According to (Roni, 2014), if the test is significant, there is a relationship between the groups. The table below shows that the test result is difference in academic level is not significant ($0.782 > 0.05$). Therefore, we can conclude that educational level does not influence employee performance improvement.

Table 14: ANOVA Performance Improvement

| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|----------------------|----|--------|----------------|------------|----------------------------------|-------------|---------|---------|
| | | | | | Lower Bound | Upper Bound | | |
| | | | | | Diploma | 6 | | |
| 1st Degree | 35 | 3.2095 | 1.06054 | .17926 | 2.8452 | 3.5738 | 1.00 | 5.00 |
| 2nd Degree | 44 | 3.0455 | .92787 | .13988 | 2.7634 | 3.3276 | 1.00 | 5.00 |
| 3rd Degree and above | 7 | 3.2381 | .73822 | .27902 | 2.5554 | 3.9208 | 2.00 | 4.00 |
| Total | 92 | 3.1449 | .95222 | .09928 | 2.9477 | 3.3421 | 1.00 | 5.00 |

ANOVA

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|------|------|
| Between Groups | .999 | 3 | .333 | .360 | .782 |
| Within Groups | 81.513 | 88 | .926 | | |
| Total | 82.512 | 91 | | | |

Source: Own Survey 2020

4.2.6. Correlation Analysis

The relationship among performance appraisal processes (establishing performance standards, communicating established standards, measure actual performance and compare with standards, discussing the appraisal with the employee and giving feedback and initiating corrective action) and employee performance improvement were tested by using a correlation analysis.

Table 15: Correlation between independent variables

| | Variables | Mean | Std. Deviation | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|--------|-------------------|--------|--------|--------|--------|--------|---|
| 1 | Establish Performance Target | 3.3912 | .63558 | 1 | | | | | |
| 2 | Communicate Performance Expectation | 3.3311 | .78214 | .775** | 1 | | | | |
| 3 | Performance Appraisal Process | 3.1423 | .70754 | .776** | .767** | 1 | | | |
| 4 | Feedback Process | 3.2652 | .88515 | .596** | .641** | .702** | 1 | | |
| 5 | Initiate Corrective Action | 3.0320 | .80035 | .631** | .646** | .706** | .655** | 1 | |
| 6 | Performance Improvement | 3.3333 | .95222 | .655** | .596** | .674** | .693** | .684** | 1 |

** Correlation is significant at the 0.01 level (2-tailed).

Source: Own Survey 2020

In table 10 above the study discovered that all the independent variables of performance improvement could positively correlate with each other. These variables are establishing performance target, communicating performance expectation, performance appraisal process, feedback process, and initiating corrective action. This means that any change in any one particular variable affect the other variables.

The result of the relationship between independent variables and the dependent variables (performance improvement) indicates that there are significant and high correlations between establishing performance target and performance improvement ($r = 0.655, \rho=0.01$), communicating performance expectation and performance improvement ($r=0.596,$

$\rho=0.01$) performance appraisal process and performance improvement ($r = 0.596, \rho=0.01$) ,feedback process and performance improvement ($r = 0.596, \rho=0.01$) , and initiating corrective action and performance improvement ($r = 0.596, \rho=0.01$) .

According to (A. FIELD, 2009), the correlation coefficient(r) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, r ranging from 0.50 to 0.80 may be regarded as a large degree of correlation, and r ranging above 0.80 as a high degree of correlation.

Therefore, based on the above result, performance improvement, is characterized as establishing performance target, communicating performance expectation, performance appraisal process, feedback process, and initiating corrective action have a high degree of positive relationship with performance improvement.

4.2.7. Regression Analysis

Before proceeding to measuring multiple regressions analysis the study was measured the assumption testes. Accordingly, the analysis is possible when: there is no multicollinearity problem in variables; when the variables had linearly correlated; when the variables had no homogeneity of variance; and when the residual variables distributed normally. The test of multicollinearity refers that the predictor variables are highly correlated with each other. According to (Roni, 2014) the predictors are multicollinear, must be correlated and the VIF values must be between 1 and 10. Thus, if its value is less than 5, it is said to be strongly correlated. To check the correlation coefficients and variance inflation factor (VIF) values, one must see the magnitude of VIF from the correlation matrix whether it is in between 1 and 10. Hence, as shown in coefficient magnitudes range between 2.250 and 3.795 and it is therefore strongly correlated.

Table 16: Multicollinearity test Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------------------------------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | -.474 | .349 | | -1.359 | .178 | | |
| Establish Performance Target | .397 | .178 | .265 | 2.227 | .029 | .316 | 3.167 |
| Communicate Performance Expectation | -.097 | .146 | -.080 | -.669 | .505 | .313 | 3.194 |
| Performance Appraisal Process | .130 | .175 | .096 | .738 | .462 | .263 | 3.795 |
| Feedback Process | .360 | .108 | .335 | 3.335 | .001 | .444 | 2.250 |
| Initiate Corrective Action | .334 | .121 | .281 | 2.766 | .007 | .435 | 2.301 |

Source: Own Survey 2020

The test of linearity used to determine the relationship between independent variable and dependent variable whether it is linear or not. Linearity test required for correlation and regression analysis. According to the value of significance, if the deviation from linearity is greater than 0.05 the relationship between independent variable and dependent variable are linearly dependent. Based on the ANOVA output table, value significance deviation from linearity of all independent variables are greater than 0.05, as show in Annex 3. Therefore, it can be concluded that there is a linear relationship between the independent variables establishing performance standards, communicating performance, expectation performance appraisal process, feedback process, initiating corrective action with performance improvement.

According to (Roni, 2014) the Levene's F Test for Equality of Variances, which is the most commonly used statistic is used to test the assumption of homogeneity of variance. Levene's test

uses the level of significance set a priori for the ANOVA ($\alpha = .05$) to test the assumption of homogeneity of variance.

Table 17: Test of Homogeneity of variance, Performance Improvement

| Levene Statistic | df1 | df2 | Sig. |
|------------------|-----|-----|------|
| 1.660 | 3 | 88 | .182 |

Source: Own Survey 2020

For the value of variable in Table 13 above, the F value for Levene’s test is 1.660 with a Sig. (p) value of .182. Because the Sig. value is greater than our alpha of .05 ($p > .05$), we retain the null hypothesis (no difference) for the assumption of homogeneity of variance and conclude that there is not a significant difference between the variances. That is, the assumption of homogeneity of variance is met.

According to (Roni, 2014), the test of normality is determined by the probability plot. If the points that follow the diagonal line in the P-P plot figure it can be conclude that the residual value is normally distributed; and the absence of clear pattern of data spread in the scatter plot figure indicates that the assumption of normality, homoscedasticity, and linearity are met as shown in Annex 4.

4.2.8. Multiple Regression Analysis

The correlation analysis on table 11 shows only the relationship between the variables; but it does not show the exact percentage changes of the dependent and independent variables and the strength and degree of the relationship between variables. According to Hair Jr. et al. (2007), cited by (Tekeba, 2016), multiple regression Analysis, a form of general linear modeling, is an appropriate statistical technique when examining the relationship between a single dependent variable and several independent variables. They explained that idea of using multiple regression analysis is to use the independent variable whose values are known to predict the single dependent value selected by the researcher.

Table 18: Result of regression analysis of Dependent and Independent Variables,

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .784 ^a | .615 | .592 | .60792 |

- a. Predictors: (Constant), Initiating Corrective Action, Establishing Performance Target, Feedback Process, Communicating Performance Expectation, Performance Appraisal Process
- b. Dependent Variable: Performance Improvement

Source: Own Survey 2020

Table 14 provides the value of R, R² and adjusted R² for the model that has been derived. R represents the value of the multiple correlation coefficients between the predictors and the outcome (A. P. Field, 2005). Here, R has a value 0.784, which represents the simple correlation between established performance standards, communicate established standards, measure actual performance and compare with standards, discuss the appraisal with the employee and giving feedback, and initiate corrective action.

R², on the other hands, measures how much of the variability in the outcome is accounted for by the predictors. The value of R² is 0.592 which tells that these five variables of performance appraisal process can account for 59.2% of the variation in the overall employee performance.

This means establishing performance target, communicating performance expectations, measure performance appraisal process, discuss the appraisal with the employee and giving feedback and initiating corrective action are the factors that created 59.2 % of the variance on employee performance improvement.

This means that 38.5% of the variation in overall employee performance improvement process cannot be explained by these five variables of performance appraisal process. So, there must be other variables too that have an influence.

4.2.9. ANOVA Analysis

Table 19: ANOVA table analysis between independent variables, ANOVA^a

| | | | Mean Square | F | Sig. |
|------------|--------|----|-------------|--------|-------------------|
| Regression | 50.730 | 5 | 10.146 | 27.454 | .000 ^b |
| Residual | 31.782 | 86 | .370 | | |
| Total | 82.512 | 91 | | | |

a. Dependent Variable: Performance Improvement

b. Predictors: (Constant), Initiating Corrective Action, Establishing Performance Target, Feedback Process, Communicating Performance Expectation, Performance Appraisal Process

Source: Own Survey 2020

According to the information in table 15 above, the summery ANOVA and F statistics which reveals the value of F is 27.454, which is significant at p value $<.001$, i.e. $0.000 < 0.001$. This result tells that F is large enough to conclude that the set of independent variables. Therefore, the regression model significantly improved our ability to predict overall employee performance improvement (outcome, or dependent variable).

This ANOVA table indicated the regression model predicts the outcome variable significantly well and also indicated the statistical significance of the regression model that was applied. As shows in the table 15 $p < 0.01$, which indicated the applied statistical regression model significantly, predicted the outcome variable.

Table 20: Result of regression analysis of performance appraisal

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig |
|-------------------------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | -.474 | .349 | | -1.359 | .178 |
| Establish Performance Target | .397 | .178 | .265 | 2.227 | .029 |
| Communicate Performance Expectation | -.097 | .146 | -.080 | -.669 | .505 |
| Performance Appraisal Process | .130 | .175 | .096 | .738 | .462 |
| Feedback Process | .360 | .108 | .335 | 3.335 | .001 |
| Initiate Corrective Action | .334 | .121 | .281 | 2.766 | .007 |

Dependent Variable: Performance Improvement

Source: Own Survey 2020

From Table 16 the β value represent the relationship between employee performance improvement and each independent variables of employee performance process. Except communication performance expectation all other independent variables have positive β values. This indicates established performance target, measure performance appraisal process, discuss the appraisal with the employee and giving feedback and initiate corrective action have positive relationships with employee performance improvement. On the contrary, communicate performance expectations have negative relationship with employee performance. Though this negative relationship was not statistically significant, the negative relationship contradicts with the previous studies (Dagnew et al., 2017) and (Tekalegn,2016). According to Becerra, (2004) respondent's perception about communication performance expectation would be affected by several external factors like respondent attitude towards performance appraisal attitude. Using the result of the multiple regression analysis in table 16, the following regression equation was formulated and it shows the exact percentage change between independent and dependent variables.

Therefore the regression equation is as follows

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_n x_n$$

Where: Y = Dependent variable

β_0 = constant

β_n = coefficient

X_n = Independent Variables

$$Y = -0.474 + 0.397x_1 + -0.097x_2 + 0.130x_3 + 0.360x_4 + 0.334x_5$$

The regression coefficient explain the average amount of change in dependent variable that caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

The regression equation above shown the degree of influence exerted on performance appraisal differs from variable to variable. The findings presented also shows that there is statistically

significant positive relationship between establishing performance standards and employee performance improvement at 5% level of significance (0.397, 2.227, and 0.029). This implied that if establishing performance standards increase by one unit, employee performance increased by 39.7 percent, keeping the other factors constant. This means, the better establishing performance standards, the more effective the employee performance improvement and it is statistically significant at 5% level of significance..

The study also found that there is a positive relationship between discussing the appraisal with the employee (giving feedback) and employee performance improvement with 10% level of significance (0.360, 3.335, and 0.001) on employee performance improvement. This implied that if discuss the employee performance appraisal and giving feedback increased by one percent, employee performance increases by 36 percent, keeping the other factors constant. This means discussing the employee performance appraisal and giving feedback are more effective for the employee performance improvement and it is statistically significant at 10% level of significance.

Furthermore, initiate corrective actions had a positive relationship with employee performance improvement at 10% level of significance (0.334, 2.766, and 0.007). This implied that if initiate corrective action increased by one percent, employee performance increases by 33.4 percent, keeping the other factors constant. This means initiate corrective actions are more effective for the employee performance improvement and it is statistically significant at 10% level of significance.

According to, (Tekalegn,2016) Have establishing performance standards in organization will lead to better employee performance improvement. Has positive and strong relationship between establishing performance standards and employee performance, $r=0.829$ and $P =0.000$. Communicating performance expectation to employee within organization has impact on better employee performance improvement. Has positive and strong relationship between communicating established standards and employee performance, $r=0.746$; $P= 000$. Measuring actual performance of employee based on established standards has impact on employee performance improvement. Has positive and strong relationship between measuring actual performance and compare with standards and employee performance improvement, ($r=0.896$; $P =0.000$). The most difficult part of the performance appraisal process is measuring the actual

performance of the employees that is the work done by the employees during the specified period of time. Discussing the appraisal and giving feedback will lead to better employee performance improvement. Has positive relationship between communicating performance expectation and employee performance improvement ($r=0.896$; $P =0.000$). Performance feedback is a critical component of all performance management systems. Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance. There is positive relationship between indicating corrective actions (Decision making) and employee performance improvement. The finding revealed that there was positive and strong relationship between indicating corrective action and employee performance, ($r=0.746$; $p =0.000$). The components of performance appraisal process such as, establishing performance standards, communicating established standards, measuring actual performance and compare with standards , discussing the appraisal with the employee and giving feedback and indicating corrective action, are well correlated and have significant effect with employee performance improvement.

Some difference to the study, (Dagnew et al., 2017) in communicating standards the descriptive analysis found that employees have no clear and detail understanding of the standard and expectation and they do not fully understand mission and goals of their organization. Therefore it can be said that organization did not give much emphasis on communication to let employees know the standard. The correlation results found that there is strong relation with this variable such as: the $R=0.714$, $R^2=0.507$ and $f= 108.787$ at (p -value 0.001). Regarding measuring actual performance the study found that the actual performance doesn't compared with predetermined targets, measured without information available, and lack of consistency while appraising individuals and difference in other departments in one organization. The correlation and regression results found that $R=0.739$, $R^2=0.543$ and $f=158.969$ at (p value= 0.001). Regarding feedback giving process the study found that there is no clear and detail feedback given to employees and it does not show their strengths and weakness and do not important for future responsibility. The correlation results show that there is a relationship but the regression analysis does not have relationship and thus can be rejected with (p -value= 0.538). In the decision making (taking appropriate measures) variable, the descriptive type result found that there is no reward or demotion mechanism, no training to fill the identified gaps, and no follow-up mechanism to check performances whether improved or not. The correlation and regression result show that

there is strong relationship and fail to reject the null hypothesis with $R=0.744$, $R^2=0.549$, and $f=275.048$ at ($p\text{-value}=0.001$). In addition the result of regression analysis shows that variables such as communicating established standards, appraisal process/measuring actual performance, and indicating corrective action have statistically significant effect on employees' performance. This implies that these variables are the most predictors for performance improvement. Whereas, establishing standards and providing feedback are not statistically significant this shows that these two variables are less predictor. And also the result of regression analysis shows that variables have significant effect on employees' performance. This could mean that performance improvement is depending on different appraisal process dimensions.

CHAPTER FIVE

5. SUMMERY, CONCLUSION AND RECOMMENDATION

This chapter presents the summary of the data findings on the employees' performance appraisal in Ethiopian Management Institute. It also gives conclusions and recommendations drawn from the findings. The chapter is therefore structured into summary of findings, conclusions, recommendations and area for further research.

5.1. Summary of Findings

The main aim of the study was to examine the effect of performance appraisal on employees' performance in Ethiopian Management Institute. The findings of the descriptive and inferential analysis revealed that there is a gap in the application of all the components of performance appraisal process.

Regarding establishing performance standards, the study found that there are clear standards; targets set for employees are based on the job description, capacity and experience, and a lack of relation with the past performance baseline; and accidental works were not incorporated in the planning process. The correlation results show that this variable has positive relationship with performance improvement. Here, the regression analysis with (p-value = 0.029).

In communicating performance expectation the descriptive analysis found that employees have no clear and detail understanding of the expectation and they do not fully understand mission and goals of their organization. Therefore, it can be said that organization did not give much emphasis on communication to let employees know the standard. The correlation result shows that there is negative relation with performance improvement. However, the regression analysis with (p-value = 0.505).

Regarding measuring actual/appraisal performance, the study found that the actual performance measured without information available, lack of consistency while appraising individuals and difference in other departments in the organization. The correlation result shows that there is positive relation with performance improvement. However, the regression analysis with (p-value=0.462).

Regarding feedback giving process, the study found that feedback is given to employees focusing only on their weakness. The correlation results show that there is a positive relationship with performance improvement. Here, the regression analysis with (p-value = 0.001).

In the decision making variable, the descriptive type result found that there is no reward mechanism, no training to fill the identified gaps, and no follow-up mechanism to check performances whether improved or not. The correlation results show that there is a positive relationship with performance improvement. At this point,, the regression analysis with (p-value = 0.007). Using forced ranking methods to appraise individuals is another challenge for appraisal process. Rather than appraising individuals performance based on targets given, measuring by comparing the whole organization's result. So, it has failed to identify individual's result. In addition, focusing on behavior rather than physical works, knowledge and skill gap of supervisors' had biases on how to measure. Finally, poor follow-up and no support after appraisal is a challenge for performance improvement.

5.2. Conclusion

The primary objective of this research was to examine the effect of performance appraisal process on employee performance in the case of Ethiopian Management Institute. The study targeted a total of 93 respondents. However, only 92 respondents responded and returned their questionnaires contributing to more than 98% response rate. Respondent from different age group, educational background, and year of experience were represented in the data collected.

The result of background of respondents indicated that majority of the total respondents are male with total of 52 (56.5%) while the remaining 40 (43.5%) were female. with regard to age and highest educational level of the respondents most of them are in the age range of 29-39 (54.3%) and Majority of the employee sample group were BA/MA holders with total number of 78 which represents 78.8% from the total employee participant of this study. Also majority of respondents have a working experience greater than 10 years with total number of 50 which represent 54.3% from employee participant of this study .While 29 (31.5%) of them have an experience from 6-10 years. 11(12%) of them have an experience from 1-5 years and the remaining two less than one year experiences.

The inferential statistics result shows that all appraisal dimensions are positively correlated except communicating established standards with performance improvement as a requirement for having improved performance. According to the correlation result, all independent variables are determinants of performance improvement.

From the result of the findings there is a wide gap in the application of all the components of performance appraisals process such as establishing performance standard, communicating established standards, measuring actual performance and comparing them with standards, discussing the appraisal with the employee and giving feedback, and initiate corrective action, are correlated with employee performance. Furthermore, the result of the regression analysis shows that variables such as establishing performance standard, discussing the appraisal with the employee and giving feedback and initiating corrective actions, have statistically significant effect on employee performance improvement but communicating established standards, and measuring actual performance and comparing them with standards, have not statistically significant effect on employee performance improvement this shows that the variables are less predictor.

5.3. Recommendation

Based on the major findings and the conclusion, Ethiopian Management Institute need to improve employee performance appraisal process through: delivering trainings, establishing tangible performance standards, communicating properly, creating awareness on performance appraisal process, creating proper feedback process, and developing instruments for corrective actions.

Hence, the following recommendations are forwarded for further considerations and actions.

- Direction should be provided to the management of the organization as to which particular dimensions require attention in terms of their importance. This would enable the organization to focus on human resources in accordance with the importance of these dimensions.
- EMI management should establish a strong system to plan and implement development intervention based on the performance information as a corrective action to continuously improve performance.

- To improve the effectiveness of performance appraisal system behavioral and result expectations should be tied to the EMI's strategic directions.
- Training should be given to develop the skill and behavior of the management and employees on how to give and receive performance feedbacks.
- EMI management should automate the performance appraisal system to improve its effectiveness
- The employee performance process must assist the management of the EMI to handle poor performance and the process must be based on maintaining proper records of employee performance.
- The management should be developing mechanisms which supports the appraisers to take notes and give feedback discussions.
- Finally, Appraisal system must not only evaluate what has been accomplished, but also guide future development, leverage existing strengths, and address skill deficiencies and trainings is has to provide to supervisors and employees for performance appraisal processes to be effective.

5.4. Suggestion for further research

In this study, the researcher has been used only quantitative method. Future studies may get better result by using mixed method. Future studies may get better result by using actual performance data rather than self reported performance data. Future studies may be done by increasing the scope by including different organizations and conduct higher level analysis (organizational level analysis)

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Annex 1

QUESTIONNAIRE

Department Of Business Administration

Dear Respondents:

I am student of MBA at Addis Ababa University. This research questionnaire focuses on assessing The Effect of Performance Appraisal on employee's Performance in the case of Ethiopian Management Institute (EMI): in partial fulfillment for the requirement for the Degree of Masters in Business Administration. I kindly request you to respond to the questionnaire. The data obtained will only be used for the research and will be kept with high confidentiality. Thank you in advance for your cooperation!

Part One: General information

1. Gender 1. Male 2. Female

2. Age 1. 18– 28 2. 29- 39 3. 40-50 4. 51 and above

3. Highest Level of education

1. Below 10 2. Certificate/ 3. Level 1- 3/Diploma
4. University Degree /BA/ 5. MA and above

4. Experience in the organization

1. Below 2 years 2. 3-5 3. 6-10 4. above 10 years

5. Department Name _____

Part Two: Main questionnaire

II. Please put“√” or “X” Mark on the response that best suits your answer. The numbers represent your agreement level as discribed below.

1. Strongly Disagree 2- Disagree 3- Neutral 4-Agree 5- Strongly Agree

| | <i>Establish Performance targets /የ አፈጻጸም ዲላማን /ግብን/ መቅረጽ/ በተመለከተ</i> | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Organization works/ activities/ have standard. /ፈጻሚ አካላት ስራዎችን በምን ያህል ጥራት መፈጸም እንዳለባቸው የሚያሳዩ የተዘጋጁ ስታንዳርዶች አሏቸው፡፡ / | | | | | |
| 2 | Performance targets set are in line with the objectives and the mission of the organization. /ለ ፈጻሚ የሚሰጡ የ አፈጻጸም ዲላማዎችና ግቦች ከመ/ቤቱ ተልዕኮና ራዕይ ጋር የተሳሰሩና የተናበቡ ናቸው፡፡ / | | | | | |
| 3 | The goals developed for performance period are challenging and realistic /ለ ፈጻሚ የሚሰጡ የ አፈጻጸም ዲላማዎችና ግቦች የተለጠጠና በተሰጠው የዕቅድ ስምምነት ጊዜ ሊጠናቀቁ የሚችሉ ናቸው፡፡ | | | | | |
| 4 | Targets set are evolved based on job analysis and job descriptions. /ለ ፈጻሚ አካላት የሚሰጡ ስራዎች/የ አፈጻጸም ዲላማዎችና ግቦች/ የስራ መዘር ዝርዝርን መሰረት ያደረጉ ናቸው፡፡ / | | | | | |
| 5 | Targets set are given based on employees capacity and experience /ለ ፈጻሚ የሚሰጡ ስራዎች /የ አፈጻጸም ዲላማዎችና ግቦች/ የግለሰቦችን አቅምና የስራ ልምድ ታሳቢ ያደረጉ ናቸው፡፡ / | | | | | |
| 6 | Targets set are given based on past performance baseline/ ለ ፈጻሚ የሚሰጡ ስራዎች /ግቦች/ የግለሰቦችን ያለፈ አፈጻጸም ግምት ወስጥ ያስገቡ ናቸው፡፡ | | | | | |
| 7 | Accidental activities /works/ which takes time are incorporated in planning process/ በመ/ቤቱ ሰፊ ያለ ጊዜ የሚወስዱ ደራሽ ስራዎች በፈጻሚ ዕቅድ ወስጥ እንዲካተቱ ይደረጋል፡፡ / | | | | | |
| 8 | Measurements to targets are set objectively and appropriate to the task / የተሰጡ ስራዎችን (ግቦችን) ለመመዘን የሚቀመጡ መለኪያዎች የማያሻመኑ ስራውን በትክክል መለካት የሚችሉ ናቸው፡፡ / | | | | | |
| 9 | Some criterion/targets/ of the assessment have given more emphasis /ለ መ/ቤቱ ስትራቴጅ መሳካት ከፍተኛ ያለ አስተዋጽኦ ያላቸው የግለሰብ አፈጻጸም ዲላማና ግቦች ከፍተኛ ክብደት ይሰጣቸዋል፡፡ | | | | | |

| | | 1 | 2 | 3 | 4 | 5 |
|---|--|----------|----------|----------|----------|----------|
| Communicate Performance Expectations to Employees /የ ተግባራት ስራን በተመለከተ/ | | | | | | |
| 10 | <i>Performance targets set are based on agreement with employees and appraisers. /በመጠቀም ለፈጻሚ የአፈጻጸም ዓላማዎች ሲቀረጹ በቅርብ ሃላፊውና በስራተኛው ስምምነት ይወሰናሉ፡፡/</i> | | | | | |
| 11 | <i>There is agreement between appraisers and employees in evaluation process. / የግለሰብ አፈጻጸም ግምገማ ሲደረግ ስምምነት/ተግባራት/ ላይ የተመሰረተ ነው፡፡</i> | | | | | |
| 12 | <i>The organization's Vision and mission is communicated clearly in line with targets. /ፈጻሚዎች የመጠቀም ተልዕኮና ራዕይ ከዓላማዎችና ግቦች ጋር በማስተሳሰር እንዲያወቁት ጠንካራ የተግባራት ስራ ይሰራል፡፡/</i> | | | | | |
| 13 | <i>The target (goals and assignments) set to individuals are clear and detail. /ለፈጻሚ የሚሰጡ ስራዎች/ግቦች/ ግልጽና ዝርዝር ናቸው፡፡</i> | | | | | |
| Performance Appraisal process /የ አፈጻጸም ግምገማ ሚዳናትን በተመለከተ/ | | 1 | 2 | 3 | 4 | 5 |
| 14 | <i>The actual performance is compared with the predetermined targets./ የግለሰብ አፈጻጸም ግምገማ ሲካሄድ በዕቅድ ወቅት ከተደረገው የዕቅድ ስምምነት (ስታንዳርድ) ጋር በማነጻጸር ነው፡፡</i> | | | | | |
| 15 | <i>The actual performance of the employee is measured on the basis of information available. /በመጠቀም የግለሰብ አፈጻጸም ግምገማ ሲደረግ ተጨባጭ መረጃን መሰረት ያደረገ ነው፡፡/</i> | | | | | |
| 16 | <i>Performance appraisal results are a true reflection of abilities / የአፈጻጸም ግምገማ ውጤቶች የእውነተኛ ስራና ችሎታ ነጻ ብራቅ ናቸው፡፡</i> | | | | | |
| 17 | <i>/The appraisers have sufficient Knowledge about Performance Appraisal process./የግለሰብ አፈጻጸም ገምጋሚዎች ስለምዘና ስርዓቱ በቂ ዕውቀት ያላቸው ናቸው/</i> | | | | | |
| 18 | <i>Performance appraisal process takes place in one department are consistent across other departments in the organization /በአንዱ የስራ ሂደት የሚደረገው የግምገማ ሂደትና ውጤት ከሌላው የስራ ሂደት የግምገማ ሚዳናትና ውጤት ጋር ወጥነት አለው፡፡/</i> | | | | | |
| 19 | <i>Appraisers are unbiased /impartial/ while assessing the performance. /ገምጋሚዎች የግለሰብ አፈጻጸም ሲያካሂዱ አድሎ አይፈጽሙም፡፡</i> | | | | | |
| 20 | <i>Some Employees can get high result/ above their core process unit result /በመጠቀም የተወሰኑ ግለሰቦች የአፈጻጸም ውጤት ከስራ ሂደታቸው /ዳይሬክቶሬታቸው/ የበለጠ ቢሆን ተቀባይነት አለው፡፡</i> | | | | | |
| 21 | <i>Performance appraisal results show its alignment with organizational results. /የግለሰብ አፈጻጸም ውጤትና የመጠቀም አፈጻጸም የተናበቡ ናቸው፡፡</i> | | | | | |

| Discuss the Appraisal result (feedback process) የ ግብረ-መልስ አሰጣጥ ሂደትን በተመለከተ | | 1 | 2 | 3 | 4 | 5 |
|---|---|----------|----------|----------|----------|----------|
| 22 | Feedback is provided to the employees after appraisal process /በ መ/ቤቱ ከ አፈጻጸም ግምገማ በኋላ የ አፈጻጸም ግምገማ ወጤቱን አስመልክቶ ለ ፈጻሚዎች ግብረ-መልስ ሰጥቷል፡፡ / | | | | | |
| 23 | The discussion on appraisal enables employees to know their strengths and weaknesses. / የ አፈጻጸም ግምገማው ግብረ-መልስ ግለሰቦች ጥንካሬያቸውንና ወሰንነታቸውን እንዲለዩ ያስችላቸዋል፡፡ / | | | | | |
| 24 | The results of the appraisal is Communicated and discussed with the concerned employees./ የ አፈጻጸም ግምገማ ወጤቱን አስመልክቶ ወይይትና ግብረ-መልስ የ ማደረግ ውክ ማመለከቻቸው ግለሰቦች ጋር ነው፡፡ | | | | | |
| 25 | The feedback provided by supervisor during feedback process is sufficiently clear and detail /በ ቅርብ ሃላፊው የ ማሰጠው የ ግለሰብ አፈጻጸም ግምገማ ግብረ-መልስ በ በቂ ሁኔታ ግልጽና ዝርዝር ነው፡፡ | | | | | |
| 26 | The performance feedback provided is helpful in improving on-the job performance. /የ ግለሰብ አፈጻጸም ግምገማ ወጤት ላይ የ ማሰጠው ግብረ-መልሶች በ ቀጣይ | | | | | |
| Initiate Corrective Action /ወጤቱን ተከትሎ የ ማወሰድ እርምጃን በተመለከተ/ | | 1 | 2 | 3 | 4 | 5 |
| 27 | Based on the appraisal result, performance gaps/ improvement areas/ are identified /የ ግለሰብ አፈጻጸም ግምገማ ወጤቱ የ አፈጻጸም ክፍተቶችንና መሻሻል ያለባቸውን ጉዳዮችን መለየት አስችሏል፡፡ / | | | | | |
| 28 | Individuals prepare personal development plan to fill their performance gaps./ ፈጻሚዎች የ አፈጻጸም ግምገማ ወጤቱን መሰረት በ ማድረግ ክፍተቶቻቸውን ለ መመላት የ ራሳቸውን የ ግል ዕቅድ ያዘጋጃሉ፡፡ / | | | | | |
| 29 | There is a strong follow-up and support system to implement personal development plan. /በ መ/ቤቱ የ ፈጻሚ ግለሰቦች የ ግል ዕቅድ እንዲሳካ ጠንካራ ደክትትልና ድጋፍ ስራ ይሰራል፡፡ / | | | | | |
| 30 | The measures to correct or improve the performance are initiated in the organization. /መ/ቤቱ አፈጻጸምን ለ ማሻሻልና ለ ማረም የ ማያሰችሉ እርምጃዎችን ይወሰዳል፡፡ / | | | | | |
| 31 | The result of Performance is used for rewarding or demotion mechanism. /የ ግለሰብ አፈጻጸም ግምገማ ወጤቶች አወንታዊ (የ ማበረታቻነት) ወይም አሉታዊ (ከደረጃ ዝቅ የ ማድረግ) ወጤት ያስከትላል፡፡ / | | | | | |
| Performance improvement /የ አፈጻጸም መሻሻልን በተመለከተ/ | | 1 | 2 | 3 | 4 | 5 |
| 32 | As you stay in the organization your actual performances are improved / በ ድርጅቱ ቆይታህ ተግባራዊ የ ስራ አፈጻጸምህ ተሻሽሏል፡፡ / | | | | | |
| 33 | Performance results have a continuous progress. /የ ማሞላው የ አፈጻጸም ግምገማ ወጤት በ የ ጊዜው ወጥነት ባለው ሁኔታ መሻሻልን እያሳየ ይገኛል፡፡ / | | | | | |
| 34 | As you stay in the organization your competencies are improved /በ ድርጅቱ ቆይታህ የ አፈጻጸም ብቃትህ ተሻሽሏል፡፡ / | | | | | |

Thank You!!

Annex 2

Correlations

| | Item | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|---|
| 1 | Organization works/ activities/ have standard. Pearson Correlation | 1 | | | | | | | | |
| 2 | Performance targets set are in line with the objectives and the mission of the organization. Pearson Correlation | .422** | 1 | | | | | | | |
| 3 | The goals developed for performance period are challenging and realistic Pearson Correlation | .415** | .496** | 1 | | | | | | |
| 4 | Targets set are evolved based on job analysis and job descriptions. Pearson Correlation | .415** | .575** | .510** | 1 | | | | | |
| 5 | Targets set are given based on employees capacity and experience Pearson Correlation | .229* | .398** | .272** | .495** | 1 | | | | |
| 6 | Targets set are given based on past performance baseline Pearson Correlation | .253* | .436** | .423** | .502** | .634** | 1 | | | |
| 7 | Accidental activities /works/ which takes time are incorporated in planning process Pearson Correlation | .123 | .125 | .097 | .286** | .213* | .253* | 1 | | |
| 8 | Measurements to targets are set objectively and appropriate to the task Pearson Correlation | .267** | .326** | .412** | .516** | .379** | .449** | .456** | 1 | . |
| 9 | Some criterion/targets/ of the assessment have given more emphasis Pearson Correlation | .389** | .539** | .490** | .479** | .251* | .373** | .179 | .497** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

Correlations

| | | 1 | 2 | 3 | 4 |
|---|---|--------|--------|--------|---|
| 1 | Performance targets set are based on agreement with employees and appraisers. Pearson Correlation | 1 | | | |
| 2 | There is agreement between appraisers and employees in evaluation process. Pearson Correlation | .618** | 1 | | |
| 3 | The organization's Vision and mission is communicated clearly in line with targets. Pearson Correlation | .304** | .340** | 1 | |
| 4 | The target (goals and assignments) set to individuals are clear and detail. Pearson Correlation | .298** | .375** | .459** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|--------|--------|--------|--------|--------|--------|--------|
| 1 | The actual performance is compared with the predetermined targets. Pearson Correlation | 1 | .667** | .386** | .355** | .452** | .368** | .137 |
| 2 | The actual performance of the employee is measured on the basis of information available. Pearson Correlation | .667** | 1 | .526** | .461** | .361** | .290** | .266* |
| 3 | Performance appraisal results are a true reflection of abilities Pearson Correlation | .386** | .526** | 1 | .557** | .451** | .431** | .032 |
| 4 | The appraisers have sufficient Knowledge about Performance Appraisal process. Pearson Correlation | .355** | .461** | .557** | 1 | .428** | .375** | .210* |
| 5 | Performance appraisal process takes place in one department are consistent across other departments in the organization Pearson Correlation | .452** | .361** | .451** | .428** | 1 | .517** | .057 |
| 6 | Appraisers are unbiased /impartial/ while assessing the performance. Pearson Correlation | .368** | .290** | .431** | .375** | .517** | 1 | .080 |
| 7 | Some Employees can get high result/ above their core process unit result Pearson Correlation | .137 | .266* | .032 | .210* | .057 | .080 | 1 |
| 8 | Performance appraisal results show its alignment with organizational results. Pearson Correlation | .347** | .345** | .453** | .366** | .446** | .512** | .285** |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

| | | Correlations | | | | | |
|---|--|---------------------|--------|--------|--------|--------|--------|
| | | 1 | 2 | 3 | 4 | 5 | |
| 1 | Feedback is provided to the employees after appraisal process | Pearson Correlation | 1 | .605** | .615** | .708** | .576** |
| 2 | The discussion on appraisal enables employees to know their strengths and weaknesses. | Pearson Correlation | .605** | 1 | .538** | .659** | .745** |
| 3 | The results of the appraisal is Communicated and discussed with the concerned employees | Pearson Correlation | .615** | .538** | 1 | .601** | .471** |
| 4 | The feedback provided by supervisor during feedback process is sufficiently clear and detail | Pearson Correlation | .708** | .659** | .601** | 1 | .696** |
| 5 | The performance feedback provided is helpful in improving on-the job performance. | Pearson Correlation | .576** | .745** | .471** | .696** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

| | | 1 | 2 | 3 | 4 | 5 | |
|---|--|---------------------|--------|--------|--------|--------|-------|
| 1 | Based on the appraisal result, performance gaps/ improvement areas/ are identified | Pearson Correlation | 1 | .552** | .585** | .590** | .212* |
| 2 | Individuals prepare personal development plan to fill their performance gaps. | Pearson Correlation | .552** | 1 | .712** | .494** | .207* |
| 3 | There is a strong follow-up and support system to implement personal development plan. | Pearson Correlation | .585** | .712** | 1 | .683** | .255* |
| 4 | The measures to correct or improve the performance are initiated in the organization. | Pearson Correlation | .590** | .494** | .683** | 1 | .115 |
| 5 | The result of Performance is used for rewarding or demotion mechanism. | Pearson Correlation | .212* | .207* | .255* | .115 | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Correlations

| | | 1 | 2 | 3 |
|---|---|-------------------------------|--------|---|
| 1 | As you stay in the organization your actual performances are improved | Pearson Correlation 1 | | |
| 3 | Performance results have a continuous progress. | Pearson Correlation .767** | 1 | |
| 3 | As you stay in the organization your competencies are improved | Pearson Correlation .611** | .646** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Critical Values for Pearson's Correlation Coefficient

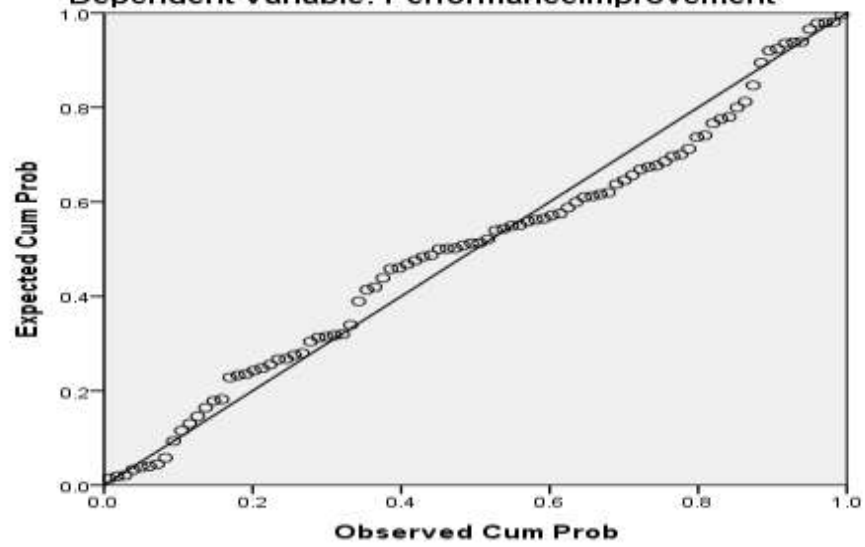
| DF | Proportion in ONE Tail | | | | | |
|----|-------------------------|-------|-------|-------|-------|-------|
| | .25 | .10 | | .025 | .01 | .005 |
| | Proportion in TWO Tails | | | | | |
| | .50 | .20 | .10 | .05 | .02 | .01 |
| 86 | .0728 | .1379 | .1765 | .2096 | .2477 | .2732 |
| 87 | .0724 | .1371 | .1755 | .2084 | .2463 | .2717 |
| 88 | .0720 | .1364 | .1745 | .2072 | .2449 | .2702 |
| 89 | .0716 | .1356 | .1735 | .2061 | .2435 | .2687 |
| 90 | .0712 | .1348 | .1726 | .2050 | .2422 | .2673 |
| 91 | .0708 | .1341 | .1716 | .2039 | .2409 | .2659 |
| 92 | .0704 | .1334 | .1707 | .2028 | .2396 | .2645 |
| 93 | .0700 | .1327 | .1698 | .2017 | .2384 | .2631 |
| 94 | .0697 | .1320 | .1689 | .2006 | .2371 | .2617 |
| 95 | .0693 | .1313 | .1680 | .1996 | .2359 | .2604 |

Annex 3

| | | | Sum of Squares | df | Mean Square | F | Sig. |
|--|----------------|--------------------------|----------------|----|-------------|--------|-------|
| Performance Improvement * Communicate Performance Expectation | Between Groups | (Combined) | | | | | |
| | | Linearity | 38.737 | 15 | 2.582 | 4.483 | 0 |
| | | Deviation from Linearity | 29.27 | 1 | 29.27 | 50.816 | 0 |
| | | | 9.467 | 14 | 0.676 | 1.174 | 0.312 |
| | Within Groups | | 43.775 | 76 | 0.576 | | |
| Total | | | 82.512 | 91 | | | |
| Performance Improvement * Performance Appraisal Process | Between Groups | (Combined) | | | | | |
| | | Linearity | 55.012 | 28 | 1.965 | 4.501 | 0 |
| | | Deviation from Linearity | 37.453 | 1 | 37.453 | 85.801 | 0 |
| | | | 17.558 | 27 | 0.65 | 1.49 | 0.098 |
| | Within Groups | | 27.5 | 63 | 0.437 | | |
| Total | | | 82.512 | 91 | | | |
| Performance Improvement * Feedback Process | Between Groups | (Combined) | | | | | |
| | | Linearity | 48.426 | 21 | 2.306 | 4.736 | 0 |
| | | Deviation from Linearity | 39.621 | 1 | 39.621 | 81.368 | 0 |
| | | | 8.805 | 20 | 0.44 | 0.904 | 0.583 |
| | Within Groups | | 34.086 | 70 | 0.487 | | |
| Total | | | 82.512 | 91 | | | |
| Performance Improvement * Initiate Corrective Action | Between Groups | (Combined) | | | | | |
| | | Linearity | 50.92 | 21 | 2.425 | 5.373 | 0 |
| | | Deviation from Linearity | 38.559 | 1 | 38.559 | 85.438 | 0 |
| | | | 12.361 | 20 | 0.618 | 1.369 | 0.168 |
| | Within Groups | | 31.592 | 70 | 0.451 | | |
| Total | | | 82.512 | 91 | | | |

Annex 4

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: PerformanceImprovement



Scatterplot
Dependent Variable: PerformanceImprovement

