



ADDIS ABABA UNIVERSITY

SCHOOL OF Commerce

**AN ASSESMENT OF PERFORMANCE APPRISAL ON EMPLOYEE
PERFORMANCE: A CASE STUDY OF BOLE SUB-CITY
ADMINISTRATION**

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*A Thesis Submitted to Addis Ababa University School of Commerce
Graduate Studies Program in Partial Fulfillment of the Requirements for
the Award of Masters of Arts Degree in Human Resource Management*

Advisor: - Atsede Tesfaye (PhD)

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DECLARATION

I, **Lekulu Hibiste**, declare that this study entitled “**The effect of Performance Appraisal system on Employee Performance: in the case of Bole Sub-City Administration**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, **Atsede Tesfaye. (PH.D)**. any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for any Degree or Diploma program in this or any other institution.

Lekulu Hibiste

Signature

Date

LETTER OF CERTIFICATION

This is to certify that, this research work entitled “**The effect of Performance Appraisal system on Employee Performance: in the case of Bole Sub-City Administration**”, undertaken by **Lekulu Hibiste** for the partial fulfillment of Masters of Arts in Human Resources Management at Addis Ababa University School of Commerce, is an original work and not submitted for any Degree either at this university or any other universities.

Atsede Tesfaye (PhD)

Advisor

Signature

Date

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LIST OF ABBREVIATION AND ACRONYMS

BA -----Bachelor of Arts

HRM----Human Resources Management

MA-----Master of Arts

MBO---Management by objective

PA-----Performance Appraisal

PAS --- Performance Appraisal Systems

SPSS ----Statistical Package for social Science

Abstract

This research aimed to measure effect of performance appraisal on employees' performance. The study used structured questionnaire to analyze the effect of performance appraisal on employee's performance. Primary data was collected by own mainly from Bole Sub-City management bodies and employees by questioner and interview. The data were collected through structured questionnaires from Samples of 311 respondents were selected based on Simple random sampling technique. The effect was analyzed through correlation analysis. The results indicated that 360 degree performance appraisal methods significantly affect the employees' performance. Performance appraisal had an impact on employees' performance, thus, when appraisal is fairly done, employees tend to be motivated and it reflects in their work output. On the other side, when it's poorly done employees become bitter and it affects their performance. Effective and fair performance appraisal process would enhance employees' performance. This study recommends that performance appraisal should be used as a supporting tool for policy making. Employees should be ensured of transparency in appraisal process and it must be made sure that employees' perceive appraisal process as a tool of workforce development.

Keywords: Performance Appraisal process, Employees' performance, 360 Degree Appraisal, Self-Review, Peer Review

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Among different resources found in different organizations, human resource is one of the most important assets with the responsibility of managing other resources like financial, material, technological and other monetary or non-monetary resources. The human resource can be considered as the backbone of any organization in coordinating and controlling the whole activities of the organization directly or indirectly to ensure achievements of organizational goal. In this regard, performance appraisal is the most commonly used HR practice and if it's not properly handled it will affect the job performance level of employees, if performance appraisal systems are positively and significantly correlated employees performance with organization goal the significant impact will be high for both development and success(Dimba and K'Obonyo, 2009),

The evolution of Performance appraisal practice started as old as human being started social life but well designed and planned performance appraisal system has emerged during Industrial revolution in Europe which was introduced by Lord and Taylor, 1914. As a result, many companies were influenced by Frederick Taylor's, 1914 "Scientific Management" efforts of the early twentieth century. It is therefore believed that the continued success of each organization depends on its performance appraisals. Employee performance appraisal is one of the most commonly used management tools. Performance appraisals have far reaching consequences on people. If evaluators in any way discriminate against employees, these individuals can suffer devastating and potentially debilitating consequences. Given the possibility that adverse judgments can be made about an individual's performance, it is possible that performance appraisals might not be fair. Evaluators might allow their biases, prejudices and stereotypical attitudes to negatively influence the outcome.

In the early part of this century, performance appraisals were used in larger organizations mostly for administrative purposes, such as making promotions and determining salaries and bonuses (Armstrong, 2006). Since the 1960s, however, companies and researchers have increasingly stressed the use of employee evaluations for motivational and organizational planning purposes (Desseler, 2013). Indeed, for many companies, performance appraisal has become an important

tool for maximizing the effectiveness of all aspects of the organization, from staffing and development to production and customer service.

Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting based on predetermined goals (Armstrong, 2006). It is the systematic process of weighting and measuring of employee performance against standards set or predetermined goals and these standards are obtained by the help of job analysis. Performance appraisal means evaluating an employee current and or past performance relative to his or her performance standards (Desseler, 2013). According to (Desseler, (2013) main reasons to performance appraisal includes pay, promotion and retention decisions of employees. Appraisal play a central role in the employee's performance management process, lets employer and the subordinate develop plan for correcting any deficiencies and to reinforce the things the subordinate does right. Moreover, appraisal facilitates career planning and provides opportunities to review the employee's career plan in light of his or her exhibited strengths and weakness and the organization (Bratton and Gold, 1999).

Where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive, fairness of performance appraisal procedures may be associated with fairness of outcomes (Lindquist, 1995).

The major goal of my study is to assess the performance appraisal practice and its effect on employee's performance in the case of Bole Sub-City at Kifle Ketema level.

1.2 Back ground of the organization

Addis Ababa city is the capital of Ethiopia and has been serving as political and financial decisions are made and where most of the financial establishments are located. Furthermore, Addis Ababa is the seat of Africa union and various international organizations. Addis Ababa city is located in the central Ethiopia at latitudes of 9:30 north and longitude 38.740 east. Its altitude ranges from 2000-2500 meters above sea level on the southern foot the 3000 meters higher mount Entoto. In recent time, the city has a total land area of 540 square kilometers. According to the central statistical Agency of the city (2005), it has about 3 million residents of which 48% were men and 52.3% women.

In similar manner the charter of Addis Ababa (2003) Addis Ababa City Administration is a self-governing city which has three levels of government that are city administration, sub city and Woreda administrations. The first city administration level is considered as regional level and the

last two the sub city and woreda levels are taken as local levels of government. The city is divided in to 10 sub-cities and 117 Woreda levels. Since the system is decentralized each sub-cities can play a significant role for the development of the city, among this sub cities Bole sub city is one of the ten.

Bole sub-city administration is the concerned study area, which covers 122.08sq.km area and population of 328,900 (154542 male and 174358 females) Bole sub-city administration office is located around Megenagna, the Sub-city Administration includes 15 Woreda administrations, 31 Schools and 11 Health centers. Employees in the sub city are 1405 at kifile ketma level 4717 at Woreda, 1435 at Health center and 3154 at Schools level and total of 10,711 employees are serving for customers service. The kifile Ketema has 4 pools which hold 33 Sector offices to serve administrative services.

1.3 Statement of the problem

Effective performance appraisal system can lead an organization to take steps towards success but an ineffective performance appraisal system can stopper the lack of the organization by creating disorder and confusion from the top management to bottom in the organization, (Khan, 2005). An effective appraisal system can identify an individual's strengths and weaknesses and indicate how such strengths may be utilized and weaknesses overcome to realize the organizations success, (Mullin, 1996). This ensures that the best employees are retained by the organization therefore leading to customer satisfaction and effective succession planning, (Mellon, 2006). Employees will be more satisfied when they feel the appraisal system is fair for the work they have done and the rewards are for genuine contributions and consistent with the reward policies of the organization, (Ishigaki, 2004). Effective appraisal system makes workers more satisfied and committed to their jobs, (Luthans, 1998).

Most organizations have continued with the performance appraisal system without establishing whether it has an effect on the employee job performance and job satisfaction. Bole Sub-City conducts performance appraisal for its employees using the objective approach, which focuses on individual goals and objectives but does not assess the skills and abilities required of the employee to perform their duties. However, (Fisher, 1997) argues that this is not an appropriate use of performance appraisal system, because the main outcome of this system is the determination of the appropriateness of the pay increase.

The main challenge that faces managers in all types of organizations is how to get maximum performance from their employees. Performance appraisal, therefore, seems to be inevitable. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. In most Addis Ababa City Governmental offices including my organization (Public Service & Human Resource Management Office) in Bole Sub-City, performance appraisal is managed using 360 Degree performance appraisal tool or a method which is done before enough awareness and exercising, self-review, peer review and upward appraisal. Considering the fact that literature on performance appraisal fails to agree on the effective way of employee job satisfaction and job performance given that the Addis Ababa City Government Public Service Bureau has the responsibility of collecting the best performance appraisal system to make the employees focus on jobs and believe the appraisal system is measuring the real performance.

Therefore the question is, how effective is the performance appraisal system on employee job performance at Bole Sub-City? This has paved the way for this study so that the researcher tries to fill the gap by studying performance appraisal system of Bole Sub-City by assessing its effect on employee performance.

1.4 Research question

To realize the purpose of this study and to give appropriate answer for the issues raised in the statement of the problem section, the researcher will address the following specific research questions;

1. How do employees perceive effectiveness of Performance Appraisal System at Bole Sub-city Administration?
2. How do employees perceive the 360 Degree Performance Appraisal System at Bole Sub-city Administration?
3. Does interpersonal relationship between the supervisor and supervisee have an impact on employee performance and how was the rater accuracy?
4. Does the Performance Appraisal System applied in Bole Sub-city Administration have an attachment with recognition and reward?
5. Does the Performance Appraisal System applied in Bole Sub-city have feedback?

1.5 Research objectives

The main aim of this study is to assess the effect of performance appraisal on employee performance at Bole Sub-City Administration.

Specifically

- a) To assess the effect of performance Appraisal at bases of employee performance at Bole Sub-City Administration
- b) To assess the 360 Degree types of performance appraisal systems used at Bole Sub-City Administration
- c) To assess the effect of Inter Personal Relation during 360 Degree types of performance appraisal system at Bole Sub-City Administration
- d) To assess the Relation Ship between performance Appraisal System and Employee performance at Bole Sub-City Administration

1.6 Significance of the Study

The outcomes of this study would first, enable managers to identify the areas where development efforts are needed so that personal and career development should be enhanced. Again it should help managers to make out individuals who have specific skills so that their promotions and transfer will be in line with organizational requirements. In addition, it would enable managers to administer a formal organization reward and counsel poor performers. Furthermore, it would inform managers about which selection devices and development programs are needed for the smooth running of organizations; employees also try to score the best performance to be successes full in performance appraisal. Finally, other researchers studying in the field of human resource management may find this research helpful to extend their knowledge about performance appraisals.

1.7 Scope of the study

The scope of the study was identifying the effect of performance appraisal systems in improving employee performance. The study will be more comprehensive if it includes all Employees of Bole Sub-City Administration, but the scope is limited in Kifile-Ketema level. The researcher considers the whole Offices of 4 pools of the Sub-City (33 Offices) of Kifele-Ketema. In terms of its content, the study will focus only on the effect of performance appraisal on employee performance.

1.8 Limitation of the study

This research is intended to assess the effect of performance appraisal system of the Sub-City at Kifile-Ketema level on its employees' job performance. The study investigates the effect of performance appraisal practice on employees who are working at Sub-City level.

The major limitation of the study is failure to include all Employees of the Sub-City who are working at Woreda, Governmental Schools and Health Centers, time constraint was the most frustrating and some of the respondents may not fill the questionnaire due to lack of time. Again some of the employees can give safeguarded answers to some crucial questions.

1.9 Definition of terms

In this part the researcher has listed definition of terms from theoretical perspective and practical definition of terms given by the researcher.

Performance Appraisal (PA) - is a method of evaluating the behavior of employees in the work spot, normally including both quantitative and qualitative aspects of job-performance (Rao, 2004).

Performance appraisal means evaluating an employee's current or past performance relative to the performance standards. Appraisal involves setting work standards, assessing the employee's actual performance relative to these standards and providing that person to eliminate deficiencies or to continue to perform above par. (Desseler, 2003)

According to (Flippo, 1984) performance appraisal is a systematic, periodic and so far as human possible, the impartial rating of an employee's excellence in matters pertaining to his potentialities for a better job. From the above definitions, it is understandable that performance appraisal is a systematic and orderly process to evaluate the performance of personnel in terms of the requirements of the job.

Performance appraisal system refers evaluating performance to encourage employee motivation and performance and to provide information to be used in managerial decision making (Grote, 2002).

Employee Performance: - is job related activities expected of a worker and how well those activities were executed Performance criteria are standards for employee behavior at work. This criterion contains much more than how an employee does the work. Employees are rated on how well they do their jobs compared with a set of standards determined by the employer

360 Degree Performance Appraisal

The 360 degree performance appraisal system is a way to make sure the appraisal is done in a full-fledged way considering all the elements surrounded to the employee. The 360 degree performance appraisal method provides a holistic approach towards the performance of employee. It includes very important factors such as collaboration, teamwork and leadership. Development plan based on the 360 degree performance appraisal system, effectively improve the overall performance of employee and productivity of organization. There are different steps which we follow in order to implement the 360 degree assessment. Clarity and effectiveness of the system is very important for an organization (Milliman, 1994).

Rater Accuracy: on its dictionary term accuracy is the degree to which the result of a measurement, calculation, or specification conforms to the correct value or a standard. Rater accuracy related with perceived fairness, consistency of measuring employee contribution to the job, removing error/biasness.

1.10 Organization of the study

This research has been contained five chapters. The first chapter deals with background of the study, statement of the problem, research question and objectives, significance of the study, scope and limitation of the study, definition of terms and organization of the study. The second chapter covers the review of literature in the area of study. The third chapter discuss about the methodology employed by the study. The fourth chapter included presents of finding and analysis of data collected. And finally chapter five contains recommendation and conclusion of the study.

Chapter two

2: Literature review

2.1 Introduction

In this section the researcher assesses the related theories, concepts and empirical evidences which are relevant to show the research gap to the main subject of the study. Some literature will be reviewed on the general concepts of performance appraisal and how employees feel about the appraisal system. There are a number of researches that have been conducted on performance

appraisal in public services.

2.2. Performance Appraisal

2.2. 1 Historic development of Performance Appraisal

Performance appraisal was first introduced by (Lord and Taylor, 1914). As a result, many companies were influenced by Frederick Taylor's "Scientific Management" efforts of the early twentieth century. It is therefore believed that the continued success of each organization depends on its performance appraisals. Employee performance appraisal is one of the most commonly used management tools. It serves many purposes, improved results and efficiency are increasingly critical in today's globally competitive marketplace. There has been large number of researches in past several decades on performance appraisal (Fisher, 1989; Bretz, Milkovich & Read, 1992). Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual Employee's strengths and weaknesses (Ruddin, 2005). Therefore, abandoning the only objective with performance and employees as its focus would seem to be an ill-advised over reaction. On top of these considerations, managers must be concerned about legal consequences. Developing an effective performance appraisal system has been and will continue to be a high priority for management used for different purposes in which include Human resource decisions, evaluation and feedback (Cleveland, Murphy & Williams, 1989). However now a day it seems the role of performance appraisal has moved beyond an instrument for assessing employees to one that is used to reinforce the desired behavior and increase performance of the employees. Performance appraisal is the single most powerful tool for marshaling employees in a sophisticated and well managed organization in order to achieve strategic goals (Singh, 2010). Still as identified by (Lee, 2005), most traditional performance schemes are fundamentally flawed as they are counterproductive by design. The stated purpose of these systems is to measure and rate past performance when, in reality, the goal of any performance management system should be performance enhancement.

2.2.2 The Concept of Performance Appraisal (PA)

A huge bearing of research with respect to PA adequacy and methodologies for assessment has focused on worker fulfillment and impression of the procedure. Along these lines, scientists and specialists have taken a more complete perspective of performance appraisal framework adequacy and assessment of frameworks. One regular subject of late research is that demeanors of the framework's clients toward the procedure decide to an expansive degree a definitive

adequacy of performance evaluation framework (Roberts, 1990). Despite the definition or the segments included, PA in many organizations is formal, and organized. The procedure is for the most part characterized to incorporate a meeting between the ratter and to whom rating is given, and additionally performance documentation required by the formal assessment framework. One descriptor let alone for most definitions is that performance evaluation is regularly fear by members. (Folger and Lewis, 1993) recommend that Performance appraisal commonly cause an indistinguishable level of energy from paying duties. (Folger et al, 1992) contended that as opposed to concentrating on exactness, the objective of PA ought to guarantee decency all the while, which is a more achievable objective. Analysts began to embrace the view point that representatives' impressions of reasonableness are more critical than target exactness of the evaluation framework. On the off chance that an exact appraisal framework is seen as uncalled for, it might prompt negative results or, it is conceivable that a precise evaluation device that is seen as reasonable may not prompt negative results. Reasonableness ought to be embraced because precision isn't achievable as well as on the grounds that it is a critical societal esteem and sentiments of unfairness have imperative results for the general public and the working environment (Sashkin and Williams, 1990, Sabbagh, 1994.). Reasonableness of HR rehearses merits consideration from a humanistic perspective too (Ogilvie, 1986; Koys, 1991; Bretz and Judge, 1994).It would appear to be coherent and vital that representatives want to be assessed on work criteria that is exact and identifies with parts of their activity that is inside their control. For instance, Boswell and Boudreau (2000) feature precise performance appraisal can be an essential indicator of representative states of mind towards their director, the activity and the PA procedure. They go further to recommend that if the assessment isn't seen as exact, they may thus effect on the procedure accomplishing its convenience in the organization and notwithstanding contributing adversely in singular conduct and authoritative performance. (Pettijohn et al, 2001) bolster this and propose that obscure, unclear and improper criteria may bring down inspiration accordingly prompting negative responses towards performance assessment.

(Gabris and Ihrke, 2000) revealed that authority believability of prompt bosses is altogether connected with whether workers see performance appraisal frameworks as procedurally reasonable and instrumentally just and proper. Their investigation of province government experts investigated this issue and in addition related issues of employment burnout, work fulfillment, chief advancement and collaboration between authoritative units. (Boswell and

Boudreau, 2000) found a critical positive connection between worker states of mind and procedurally just Performance appraisal and underscored the significance representatives put on decency.

Performance appraisal at times has the notoriety of making pressure between an administrator and subordinate. Nonetheless, solid and successful performance surveys share regular segments that make them positive experience and augment the advantage of leading and taking an interest in them. Underscoring the great and helping a worker headed for development are essential segments of compelling performance evaluations. A Variety of Components might be incorporated into the performance evaluation process. (Landy and Farr, 1980) exhibited a model of performance evaluation that included 13 interrelating factors: position attributes, organization qualities, the motivation behind the rating, the rating procedure, scale advancement, the rating instrument, ratter and rate attributes the perception and capacity of performance information, the judgment of that performance, the appraisal of this data, performance portrayal, and individual response.

2.2.3 Performance Appraisal Theory

Even though there are many theories related to performance appraisal, the researcher believe that equity and expectancy theories (Vroom, 1964; Kellogg and Negros, 2002; Richer, 2002) and goal theory (Armstrong, 2006) are appropriate for the current study. Equity simply means fairness. Workers are motivated when they discover that they are treated fairly in compensation, promotion and that there is transparency in their evaluations. Workers reduce their efforts if they feel that they are treated inequitably (Hyde, 2005). Expectancy theory (Vroom, 1964) indicates that employees will be motivated to exert high level of effort when they believe that their efforts will lead to higher performance (expectancy), higher performance will lead to rewards (instrumentality) and rewards are valuable to them (valence). This effort will lead to good performance appraisal and followed by organization rewards such as bonus, salary increment or promotion which later satisfy personal goals (Vroom, 1964). This theory is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman, 2005). Goal-setting theory had been proposed by Edwin

Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him/her for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic (Salaman, 2005). The theory emphasizes the important relationship between goals and performance. Research supports predictions that the most effective performance seems to result when goals are specific and challenging, when they are used to evaluate performance and linked to feedback on results, and create commitment and acceptance. The motivational impact of goals may be affected by moderators such as ability and self-efficacy. Managers widely accept goal setting as a means to improve and sustain performance (DuBrin, 2012). Based on hundreds of studies, the major findings of goal setting is that individuals who are provided with specific, difficult but attainable goals perform better than those given easy, nonspecific, or no goals at all. At the same time, however, the individuals must have sufficient ability, accept the goals, and receive feedback related to performance (Latham, 2003).

2.2.4 Performance Appraisal Theory limitations

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Limitation of Performance appraisal theories:-

1. Halo effect:

In this case the superior appraises the person on certain positive quality only. The negative traits are not considered. Such an appraisal will no given a true picture about the employee, and in some case employee who do not deserve promotion may get it.

2. Horn effect:

In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because a true picture about the employee.

3. Central tendency:

In this case the superior gives an appraisal by giving central values. this prevents a really talented employee from getting promotion he deserves and some employees who do not deserve anything may get promotion.

4. Leniency and strictness:

Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotion may lose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.

5. Spillover effect:-

In this case the employee is judged positively or negatively by the boss depending up on the past performance. Therefore although the employee may have improved performance, he may still not get benefit.

6. Fear of losing subordinates and spoiling relations:-

Many bosses do not wish to spoil their relations with their subordinates. Therefor when they appraise the employee they may end up giving higher grades which are not required. This is an injustice to really deserving employees.

7. Good will and techniques to be used:-

Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different department methods of appraisal it becomes very difficult to compare employees Organizations receive and utilize diverse Performance appraisal relying upon the requirements and nature of the activity, work and the organization.

2.2.5 Performance Appraisal Evaluation Methods

The most ordinarily utilized evaluation methods include 360-degree appraisal, Peer Review, Self-Review, Essay appraisal, Graphic rating scale, forced-choice rating, critical incident appraisal, Management-by-objectives approach, ranking methods (“11.2 Appraisal Methods – Human Resource Management,” n.d.). Considering the limitations and scope of the study, only first three types of performance appraisal are reviewed.

The 360-degree

The 360-degree appraisal is the most exhaustive and exorbitant sort of evaluations (Milliman et al., 1994). It incorporates self-evaluations, peer survey, and upward appraisals; input is looked for from everybody (Dunette and Tornow, 1993; London and Smither, 1995). It allows individuals to know how others see them, to see their abilities and style, and may enhance correspondences between individuals. The general populations, who manage the worker every day, make a pool of data on which the administrator may act. This gives input from both inward and outside clients to get a more extensive, more exact point of view on representatives. The benefits of the 360 degrees are: it gives a more complete perspective of worker performance, it expands inclusion and believability of the performance evaluation, have a solid effect of conduct and performance, input from peers upgrades representative self-improvement. It extraordinarily expands correspondence and shared objectives and builds responsibility of workers to their clients. A portion of the inconveniences are: they are tedious and more officially mind boggling, broad giving and accepting input which can be scary to a few representatives, expensive and requires preparing and huge change push to work successfully (Milliman et al. 1994).

The 360 degree performance appraisal system is advanced kind of appraisal which is used by many organizations where performance of employee is judged using the review of around 7 to 12 people. These people are working with the employee and they share some of their work environment. The feedback is gathered in the form of reviews in terms of competencies of the employee. The employee himself or herself also takes part in this appraisal with the help of self-assessment. The 360 degree performance appraisal system is a way to improve the understanding of strength and weaknesses of employee with the help of creative feedback forms.

There exist 3 prime reasons due to which organization prefer to go for a 360 degree performance appraisal.

1. In order to get a enhance review about performance and prospective of the future leader.
2. To broaden the insight of manpower development and its needs.
3. in order to collect feedback from all the employees and to ensure the organizational justice.

Usually less than 360 degree appraisal system the feedback is collected from peers subordinates customers managers and the team members of the employee. The feedback is collected using on job survey based on the performance of employees there exist four stages of a 360 degree appraisal. The first stages self-appraisal followed by superior's appraisal then subordinates appraisal and lastly the peer appraisal.

360 Degree Performance Appraisal Process

The steps of 360 degree feedback process may slightly vary from organization to organization. However the schedule of the 360 degree feedback process remains quite same. A timeline has been identified for 360 degree performance review which includes different steps which organization has to follow. The step starts with the communication about 360 degree performance appraisal methods and it ends at the re-evaluation of participants.

Communicating the 360 degree performance review- It is very crucial to communicate the entire process to the stakeholders of the organization. The purpose and objective of 360 degree performance appraisal process should be clearly mentioned and explained to each and every participant. Also the process through which the feedback will be gathered and how the feedback will be utilized should be clearly conveyed to the stakeholders.

Time required- This process could take 2-3 weeks to communicate about the appraisal system. This can be done through in personal meeting with supervisors, managers, leaders and employees. Also it can be communicated through emails and employees should be encouraged to come forward if they have any queries related to 360 degree performance appraisal process.

Selection of raters- The selection of rater is one of the most important steps in 360 degree performance appraisal system. We have to choose enough number of participants in order to receive data which is relevant and comprehensive. The number of raters will depend on the employee's job profile and working relationship.

Time required- This process generally takes one to two weeks. The rater will include supervisors, direct reports, peers and perhaps some customers or clients.

Distribution of survey- Organizations can use online 360 degree feedback system which will allow a quicker distribution of questionnaire among the employees. The participants will receive an email with the link of questionnaire and notification. They can click on the link, start and complete the 360 degree review.

Time required- This may take one week in order to distribute survey among all the employees.

Submission of questionnaire- Once the survey is distributed, the participant will complete the survey online. The completed review will be provided to the evaluator. This process can take the longest time. The time required to submit a questionnaire depends on the number of raters which are involved, the job profile of employee and organization. It is highly recommended that a particular deadline should be assigned to the participant in order to quickly finish the process.

Time required- This process should take to 2-4 weeks in order to get completed feedback from the participant.

Completion of report- Once the review is been collected through the questionnaire method a confidential report is being produced. It depends on the delivery plan of organization sometimes

once the report is ready it is directly sent to the participants or the result is been given through one-one feedback session.

Time required- if you are using an online system this very quick to produce the report, sometimes it takes 1 to 2 days.

Facilitation of feedback- It is recommended that the feedback should be given in a confidential manner by arranging the meeting with employee's manager or coach. This meeting will allow a great understanding about the feedback report and also provides an opportunity to discuss the strength of the employee and areas which need to be improved.

Time required- It depends on the in depth of the feedback session generally a meeting can last for 1 to 2 hours for each employee.

Completion of development plan- Once review is done the development plan should be created for each of the participant based on the feedback reviews received through 360 degree evaluation. It is important to develop an actionable plan which will help to improve the employee. The areas where the improvement is required should be identified as key areas based on which a training programs, workshop, coaching, conferences or mentoring should be arranged for the employee. The development of such plan helps employees to improve quickly. Time required- Generally completion of development program could take one to two weeks.

Re- evaluating- 360 degree feedback system is not one of event; once you start the process it is important to see the consequences of the process. Specific goals and opportunities are outlined in the development program; it does make sense to check the progress. The re-evaluation of participant will enable the organization to see the changes and the area in which the employees are actually improved.

Time required- This process should be carried out after 8 to 12 months of 360 degree performance appraisal.

Self-Review

Self-Reviews depend on the possibility that representatives are most comfortable with their work, and that their contribution is basic. Representatives rate themselves on a few criteria, often with a formal study shape, and propose enhancements. They help to clear up their own objectives and uncover territories of shortcoming, so they might be taken a shot at. Meyer (1991) said that self-audit changes the part of the administrator to guide, instead of judge. With this part, the administrator can accomplish more to help individuals. He additionally brings up that self-survey improves the subordinate's poise and confidence. Including the worker as an equivalent in the audit procedure will probably build promise to activity designs, making the whole procedure both additionally fulfilling and more gainful. Self-audits tend to have low corona blunder and

result in little printed material for supervisors. Be that as it may, individuals may not see their own lacks as others do, so self-survey ought to be utilized close by different strategies.

Peer Review

Peer review might be outlined by three to six specialists, to set the objectives, advantages, and goals of the program, plan a criteria-based performance assessment framework and direct an experimental run program.

Individuals ought to be urged to give input on the framework itself. Preparing and support ought to be accessible. Companion audits frequently have an abnormal state of labourer acknowledgment and contributions tend to be steady, assignment applicable, and precise. By helping associates to see each other's work, and via airing grievances in a non-debilitating way, peer surveys may likewise assist individuals with getting along better. (Williams and Kleiners, 1996) stated that "the employee has the opportunity to appeal his or her case to a panel of peers, whose decision is binding on the employee as well as the company". For the association, this implies higher performance. For the laborer, this implies a superior work environment and less dissatisfaction.

Attitude

A disposition can be characterized as a constructive or contrary assessment of individuals, objects, occasions, thoughts or pretty much anything in your condition (Zimbardo et al, 1999). All demeanors take a position either positive or negative, yet they can differ in force. As demonstrated by Robbins and Judge (2001), mindsets are evaluative decrees either perfect or negative about things, people, or events. They reflect how we feel about something. Social researchers use the term attitude to imply people's evaluation of in every way that really matters any piece of their social world (Olson and Maio, 2003; Petty, et al 2003). Individuals can have ideal or negative responses to issues, thoughts, protests, a conduct, or whole social gatherings. A few Attitudes are very steady and impervious to change while others might be temperamental and demonstrate impressive changeability relying upon the circumstance (Schwarz and Bohner, 2001). We may hold a few states of mind with extraordinary sureness, while different mentalities might be generally misty or questionable. States of mind can impact our contemplations, regardless of whether they are not reflected in our clear conduct. Also, while a significant number of our demeanors are unequivocal mentality cognizant and reportable different states of mind might be verifiable Attitudes wild and maybe not deliberately open to us (Fazio and Oslon, 2003).

Management by Objective (MBO)

Management by objectives (MBO) is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans should ensure better participation and commitment among employees, as well as alignment of objectives across the organization. The term was first outlined by management guru Peter Drucker in 1954 in his book "The Practice of Management." According to DeCenzo & Robbins, Management by Objectives (MBO) includes mutual objective setting and evaluation based on the attainment of the specific objectives. The common elements in an MBO program are goal specificity, participative decision making, an explicit time period and performance feedback will effectively increase employee performance and organizational productivity.

(Bagram, et. Al., 2003) state that the MBO system should keep employees focused on the deliverables of their job and in this way, the organization would have delivered on a strategic promise.

Graphic rating scale (GRS)

A graphic rating scale (GRS) presents appraisers with a list of dimensions, which are aspects of performance that determine an employee's effectiveness. Examples of performance dimensions are cooperativeness, adaptability, maturity, and motivation. Each dimension is accompanied by a multi-point (3, 5, or 7) rating scale. The points along the scale are defined by numbers and/or descriptive words or phrases that indicate the level of performance. The midpoint of the scale is usually anchored by such words as "average," "adequate," "satisfactory," or "meets standards." (Kane and Lawler, 2009).

Many organizations use graphic rating scales because they are easy to use and cost little to develop. HR professionals can develop such forms quickly, and because the dimensions and anchors are written at a general level, a single form is applicable to all or most jobs within an organization. Graphic rating scales do present a number of problems, however. Such scales may not effectively direct behavior; that is, the rating scale does not clearly indicate what a person must do to achieve a given rating, thus employees are left in the dark as to what is expected of them. For instance, an employee given a rating of 2 on "attitude" may have a difficult time figuring out how to improve (Meyer, 2001)

Graphic rating scales also fail to provide a good mechanism for providing specific, non-threatening feedback. Negative feedback should focus on specific behaviors rather than on the vaguely defined dimensions the GRSs describe. For example, if told that they are not dependable, most employees would become angered and defensive; they would become less angry and defensive if such feedback were given in behavioral terms: "Six customers complained to me last week that you did not return their phone calls (Long, 2006)

Behaviorally Anchored rating scales (BARS)

Behaviorally Anchored Rating Scales (BARS) is a relatively new technique, which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance

or sets of behavioral statements describing important job performance qualities as good or bad (for the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents. In this method, an employee's actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS. Developing and practicing BARS requires expert knowledge. The specific purpose of the Behaviorally Anchored Rating Scale is to use behavioral procedures to design an instrument that can identify and measure the critical components that constitute effective performance in an occupation. The instrument has been used to identify performance competencies in such occupations as Nurses (Smith and Kendall, 1963), store managers (Campbell, et. al., 2003), college professors and for identifying the professional and career development activities needed by teachers (Latham and Kenneth, 1999). The instrument allows researchers to "capture performance in multidimensional, behavior-specific terms" (Holbrook, 2002).

2.2.6 Factors Affecting Performance Appraisal

3.2.6.1. Interpersonal factors

Interpersonal factors are those factors that relate to the kind of treatment the appraisee receives in the hands of the appraiser (Thurston & McNall, 2010). Greenberg (1993), also stated that interpersonal factors are important in the employee performance as they influence the outcome of the interactions. Quality of these interactions during the process also contributes to fairness perceptions in the whole process. Perception of fairness in appraisal system is also recognized as a vital criterion in analyzing the effectiveness and efficiency of the employee and organization (Jacobs, Kafry, & Zedeck, 1980). In fact, a survey conducted by Fortune magazine for top100 companies also emphasized the importance of perceived fairness in performance appraisal system among the corporate managers (Thomas & Bretz, 1994; Berrin, 2002).

According to Armstrong (2006), Interpersonal factors are closely linked to feelings about procedural fairness. Five factors that contribute to perceptions of procedural fairness have been identified as adequate considerations of an employee's viewpoint; suppression of personal bias towards the employee; applying criteria consistently across employees; providing early feedback to employees concerning the outcome of decisions and providing employees with an adequate explanation of the decision made. However Armstrong also criticize that every organization is a social system, a network of interpersonal relationships. Even though a person doing an excellent job per to the objective standards of measurement may fail miserably as a partner, superior, subordinate or colleague. (Armstrong 2009), meaning interpersonal factors may have an effect on the employee performance. In addition to this (Darmawan, 2013) indicated that an

organization is a network of relationships. Therefore, a relationship is very important. Wheatley (2001, in Sias, 2008) further suggests relationships are necessary for existing systems and are the hub of organizations. It is through relationships that organizations maintain stability (Katz & Kahn, 1978).

It has also been said to be one of the most problematic components of human resource management and is viewed as either a futile bureaucratic exercise or, worse, a destructive influence on the employee-supervisor relationship (Coutts and Schneider, 2004).

The factors which assist to predict the perceived fairness in the employee performance appraisal are: regularity in performance feedback, supervisor knowledge about work performance standards, continuous opportunity to the employees to show their positive or negative feelings about performance appraisal review and mutual understanding and effective communication between supervisors and subordinates in setting new performance goals. Moreover, the main issue in the performance appraisal review and performance appraisal system is the perception of its employee about its fairness (Walsh, 2003). Employee satisfaction and perception of fairness in the system is mainly affected by the bureaucratic nature of the performance appraisal system where all the decisions related with employees are in hand of upper level of management or on their supervisor. (Sudin S., 2011) indicated that employee satisfaction and perception of fairness in the system has complex and active relationship with employee performance appraisal and it is highly important for the organization to focus on perceived fairness or organizational justice in the work setting to improve employees performance. Perceived fairness (justice) in PAS has greater effect on the individual's attitude and behavior like job satisfaction, organizational commitment, turnover intentions etc. and ultimately it affect the performance of individual in the workplace. Perception about fairness mainly depends on the standards followed by supervisor' in implementing the performance appraisal system by performing equal treatment and fair distribution of rewards among employees.

2.2.6.2. Rater Accuracy

According to (Cleveland and Murphy, 1992), Performance ratings are based on rater evaluations which are subjective to human judgments. Personal factors and prejudices are likely to influence the ratings. On the other hand, errors based on age, gender or race can influence rater's

evaluations. Sometimes raters can be too harsh or too lenient on the ratee and this affects the accuracy of evaluations.

Fairness in measuring the performance is the key factor of effective performance appraisal as shown by many researchers. (Henderson, 1984) for example said that a good performance appraisal should be created on measuring employees' contribution to the job and which should be opposed to the employees' activities or behaviors. Naturally employees are very restless about the appraisal's fairness (Erdogan, 2002).

According to (Fink and Longenecker, 1998) in order to successfully achieve broad objectives performance, performance appraisal systems need to have two key components in place. First, they must have a technically sound rating process in place. That is to say, the organization must have clearly developed rating procedures; an appropriate, user-friendly instrument (form); and a system in place to monitor compliance and to store appraisal data. The second key component to a successful performance appraisal system is the manager who is actually called upon to evaluate employee performance. The manager, placed in the challenging role of performance “rater,” must have both the skills and motivation to conduct effective performance appraisals.

(Ivancevich, 2001) also strengthen the issue of rater accuracy by indicating “performance appraisals require the rater to objectively reach a conclusion about performance. The use of ratings assumes that the rater is reasonably objective and accurate. However, in reality, raters’ memories are quite fallible, and raters subscribe to their own sets of likes, dislikes, and expectations about people, which may or may not be valid.

2.2.6.3 Measuring Actual Performance

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. Most of the time the effectiveness of performance appraisal system is determined by the performance standards developed according to individual job description which should be tied to organizational goals and objectives. In most cases, these standards should be a written document which will make it legally binding and objective (Daley, 2002). According to (Condrey, 2012) cited in (Igbojekwe et al, 2015) failure to align performance standards with organizational goals and objectives leads to misunderstandings, poor morale, and lack of job satisfaction, ineffectiveness, and confusion. When the actual performance is compared with the desired or the

standard performance, the comparison should tell the deviations in the performance of employees from the standards set. The result can show the actual performance being more than the desired performance or the actual performance being less than the desired performance depicting a negative deviation in the organizational performance (Caruth & John, 2008).

2.3 Empirical literature review

There are extensive empirical studies in relation to performance Appraisal and Employee performance. Therefore, in this section the most selected and related empirical findings of related literatures are presented.

A research study titled “The value of subjectivity; Problems and prospects for 360-degree appraisal systems” undertaken by (Dr. Beatrice I.J.M. van der Heijden Dr. André H.J. Nijhof , 1967). Dr. Beatrice Isabella Johanna Maria van der Heijden, and her friends done this study in the University of Twente, Faculty of Business, at Netherlands. The research is performed amongst eight large organizations (study one) and 95 small and medium-sized enterprises (study two). In both studies the same questionnaire was used to collect combined ratings from both employees and their supervisors. Samples and Data Collection Study One Executed in the Year 1995.

She and her friends focus on the problems and prospects of 360-degree feedback methods. The rationale behind these appraisal systems is that different evaluation perspectives add objectivity and incremental validity to the assessment of individual performance. This assumption is challenged in this article. Our research shows that there is a consistent difference in especially self- and supervisor ratings. This implies that as long as these differences are understood as the result of several effects in measuring one’s performance, the multisource assessments will lead to a false sense of security and objectivity. Instead, when the differences are understood as subjective evaluations with a value in itself, then different perceptions can be used for a better understanding between supervisors and employees of the working relations, personal performance and underlying Employee performance.

In working organizations must have legal and moral pressure to evaluate employees in an objective, consistent and fair way (Bacal, 2000; Greenberg, 1986). In order to comply with this need, specialists create numerical scales. Yet, if we look carefully at the criteria that are used in measurement scales, we will see that they don’t eliminate subjectivity at all. One manager’s idea

of creativity can be quite different from another's idea. Any rating is only an indication of how the person (often the manager) applies a fuzzy criterion. Especially in case of a bad operationalization of the concept in question, rating systems give people a false sense of security, protection and objectivity.

All assessments, of whatever kind and in whatever context, occur in the cognitive processing of an individual human being. As assessment occurs 'in the head', it is always, necessarily, and by definition, subjective. Now, of itself, this is neither good nor bad, it just is.

The important question here is how we respond to the inevitable subjectivity of assessment, and the fact that judgment depends on values and accordingly is subject to response sets, for example due to stereotyping.

For the appraisal of occupational competencies, there is a tendency towards the use of multi-rater or 360-degree appraisals of performance (especially manager performance) (see e.g. Cheung, 1999; Yammarino and Atwater, 1997). 360-degree appraisal, also known as multisource assessment or 360 degree feedback, refers to the process by which performance appraisals are collected from different sources of individuals – supervisors, peers, subordinates, and customers, instead of relying on appraisals from a single source (Dunette, 1993; London and Smither, 1995; Tornow, 1993). This should provide the feedback recipient with information not otherwise available, and ensure that raters in the best position to observe certain types of behaviors are the ones to evaluate that behavior (Ashford and Cummings, 1983). The rationale behind it is that different evaluation perspectives offer unique and valuable information and thus add incremental validity to the assessment of individual performance (Borman, 1998).

For this, it is important to differentiate between the applications as a decision making instrument and the application as a developmental tool (see also Waldman, Atwater and Antonioni, 1998). In the latter case the aim is providing constructive feedback in a climate wherein one's growth is fostered and wherein there is room for improving one's weaknesses without immediate negative consequences.

When 360-degree systems are used as a decision making instrument, for example regarding salary or promotion, it has at least the pretension of increasing objectivity. However, Stewart (1998) talks about three problems with regard to this. The first is a philosophical point. Most people feel comfortable with the idea of a continuum between subjectivity and objectivity. Yet, to have a continuum, which by definition is bipolar, both poles must be possible. But if assessment always occurs in the head, and is, therefore, always and inevitably subjective, the

objective pole of the continuum is not possible. So, judgments of more or less subjectivity or objectivity are in fact impossible.

Secondly, involving other people in the rating process to ensure fairness and consistency is based on the idea that subjectivity + subjectivity + subjectivity = objectivity! However, if one rater can be unfair and inconsistent, then so can another.

The third problem arises with the construction and use of criteria. This problem has a number of related issues. First, the extent to which any criteria is understood, in the sense of having the same literal meaning, by all those being assessed and all of those doing the assessing. A genuinely shared understanding of the meaning of concepts is very rare indeed. Second, the extent to which those being assessed have any involvement or contribution to constructing criteria and how they are formulated is very rare too. Third is the fact that the relationship between assessor and assessee is mediated by the specific use of criteria and by the outcomes of the appraisal process (Caligiuri and Lazarova, 2002).

Consequently, a fruitful application of 360-degree appraisal depends upon a careful formulation of criteria, a thorough operationalization of the concept to be measured and of course a climate wherein people can inform one another on strengths and weaknesses in the performance in particular career stage. The accurate interpretation of differences in appraisal by different sources requires that one can assume each set of ratings uses the same metric. If, for whatever reason, one group of raters interprets the text of an item or a set of items differently than another group, the resulting differences in the ratings may be the result of not only the observations of the raters but also of the interpretative difference elicited by the item (Penny, 2001).

The outcomes of these empirical studies indicate that employees 'think' somewhat better of themselves than supervisors do, or at any rate they give a rosier image. The ratings made by the supervisor are all higher than the corresponding ones made by their employees. This is not caused by the measurement instrument itself, because the scale reliabilities are very high both for the self-ratings and for the supervisor ratings. It has been mentioned before, that the tendency to present themselves positively, the so-called *leniency effect*, is common in performance ratings. Still, that an item can function differently for different groups of raters suggests the existence of a degree of measurement in equivalence between the rater groups, and this in equivalence may be indicative of systematic bias in ratings between particular groups of raters. These raises important questions about the reliability and objectivity of performance ratings which can cause negative effect on employee performance.

Another study conducted on Pharmaceutical Industry by (Sumayya, Mafruha and Mohammad, 2015) titled “Factors Determining the effectiveness of Performance Appraisal System” identified some important factors which influence the effectiveness of employee performance on pharmaceutical companies and concludes that rater accuracy is the most influential factor and consequently this factor affects directly and very sharply the effectiveness of employee performance. In addition, performance appraisal process, communication, employee attitude and training have significant positive relationship with the effectiveness of performance management system.

Regarding to the performance rating an article written by (Harari, M.B., & Rudolph, C.W. et al, 2016) titled “The effect of rater accountability on performance ratings” highlighted rater accountability and suggested that efforts to develop models of contextual determinants of performance ratings should incorporate rater accountability meaning the supervisor should be accountable for the reason that it could be used for performance pay decisions; to identify high performers for management purposes or poor performers for remedial action or dismissal; and can tell employees where they stand.

(Onyije, 2015) from the analysis made on Impact of Performance Criteria in Relation to Performance Evaluation and Employee Performance, the obtained result indicates that there is a significant relationship between performance appraisal criteria and employee performance. This outcome is supported by (Lawrence, 2014) cited by (Onyije, 2015) which reveals that severity error occurs when individuals are given ratings that are lower than actual performance warrants. Severe ratings may be assigned out of a dislike for an individual, perhaps due to personal bias. A performance appraisal criterion which is seen as an evaluative statement indicates what is to be assessed and the required level of performance. It is very important that when assessing an employee, ensure the evidence provided by the employee is sufficient enough to show competence in all of the performance criteria.

2.4 The Conceptual framework

A concept is an idea or notion. A conceptual framework is used to comprehend the place and clarify the direction of a research project. It makes use of past research to conclude a theory and methodology for a current research study. (Magher, 2018). To answer, the research questions of this study a conceptual framework is focuses on the differences between self-ratings and supervisor ratings as a specific part of the broader methodology of 360-degree feedback. In this

regard how the independent variables such as performance appraisal, methods, Interpersonal factors, Rater accuracy and feedback of performance appraisal influence the dependent variable employees performance.

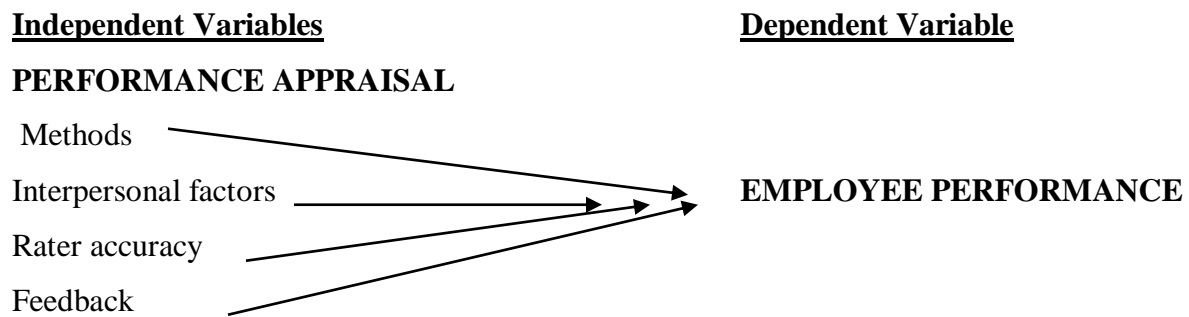


Figure 1 Conceptual framework showing influence relationship between independent and dependent variable

Chapter Three

3. Research Methodology

3.1 Introduction

This chapter discusses the research design and methodology used in the study. This includes the research design, population and sample size, the data sources and types, data collection instrument and ethical consideration. At the end the method of data analysis is presented.

3.2 Research approach

For the purpose of this study, both qualitative and quantitative methods will be adopted. The data collected can be analyzed using a statistical package, the Statistical Package for Social Sciences (SPSS). The data will sorted and coded into the SPSS and analyzed using descriptive statistics. After the analysis and computation of data, the results will summarized and presented in tables and charts.

3.3 Research Design

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (Kothari, 2004).

The researcher will use both descriptive and explanatory research design. To measure the impact of the factors on the effect of performance appraisal on employee performance, five Point Likert-types of scales were developed. As Likert scale is simple to construct it is also highly reliable and easy to understand. Plus it takes much less time to construct. (C. R. Kothari, 2004) Therefore the questionnaire was ranged from 1 ("strongly agree") to 5 ("strongly disagree").

3.4 Population and Sample

The research covers the views of management and non-management employees' specially who evaluated or affected by the performance appraisal system to gain valid information about the performance appraisal system of Bole Sub-City.

A sample is a subset of the population and sampling is the process of collecting information from a sample. The study population is 1405 out of which 33 Management bodies and the others team leaders and employee in 4 pools of the Sub-City. Simple random sampling will used to select the sample of the study. Sample size of 311 will be used for this study. The data will be gathered through questionnaires to collect both quantitative and qualitative information, also top management and team leaders will interview. Considering the nature of the study and the total population in the Sub City helps to decide the amount of the Sample size (Yamane, 1967) sample size determination formula has been used where n is the sample size, N is population size, and e

is the error of 5 percentage points and a confidence coefficient of 95% are assumed for this equation.

Given: - N (population of the Sub-City employees are 1405)

e (the error of 5% is 0.05)

To find the n or the sample size

$$n = \frac{N}{1+N(e)^2} = \frac{1405}{1+1405(0.05)^2} = 311$$

Therefore a sample size of 311 will be select from a total population of 1405(which is 33 Management bodies 99 team leaders and 1372 employees). The sample size is sufficiently large enough to produce results among variables that are significantly different and it broadens the range of possible data and forms a better picture for analysis.

The sample population distribution is indicated in Table

Category(group)based on pool	Category based on job	Number of (management & team leader) and employees	percentage	Sample size
Public Service Pool	Management & Team Leader	35	2.49	8
	Employees	268	19.07	59
Chief Executive Pool	Management & Team Leader	45	3.35	10
	Employees	408	29.04	90
Land Management Pool	Management & Team Leader	37	2.63	8
	Employees	454	32.31	101
Construction Pool	Management & Team Leader	13	0.93	3
	Employees	143	10.18	32
Total		1405	100.00	311

Table 1: The sample population distribution

3.5 Data sources and type

In order to achieve the study's objectives both primary and secondary source of data will be used. The secondary data helps to assess the existing processes, policies, procedures, forms and other documents which are linked with the performance appraisal system. The primary data will

be collected through questionnaire that included close ended questions and interview will be conducted to gather information regarding the performance appraisal system of Bole Sub-City.

3.6 Data collection procedures and Instruments

Every employee who has participated in the appraisal system and who were members of the Sample including management bodies, will receive the questionnaire. A total of 311 respondents will be participate for the questionnaires and also panel discussion and interview will be part of data collection procedure, Questionnaires were administered by the researcher personally and respondents were educated on how to fill the questionnaire will distributed according the sample size and will be collected . An interview will conducted with Management body and team leaders to ascertain its view on how the performance appraisal system affects employees' performance and also to check whether the appraisal process was being followed duly and also clearly attested the performance appraisal system of the Sub-City as well shows its effect on employee performance of the Sub-City.

3.7 Validity and Reliability

Validity: - Validity concerns the degree to which a question measures what it was intended to measure (Miller.n.d, 2000). Therefor to make sure the validity of research instrument, the questionnaires will be adapted from previous researchers. Furthermore to keep up the validity, there will be discussion with some of the Sub-City management bodies and team leaders about the questionnaires before distribution, and for clarity the English version will translate into Amharic language which is the working language of the study organization and will check the alignment.

Reliability: - Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials (Miller.n.d, 2000). Therefore in terms of reliability the questionnaire was checked for consistency basing on Cronbach's alpha and meet the acceptable level for attitude 0.7 and above.

3.8 Ethical consideration

It could not be ethical to access some confidential documents, files and issues regarding employees' personal data, policies and strategies of the Sub-City and other highly classified information that need to be kept confidential are given value and kept confidential. Therefore, the organization's code of ethics will be taken in to account without significantly compromising findings of the study.

Also it may not be ethical to ask employees to answer questionnaires while they are at their work responsibility. Hence, enough time was given to respondents so that they can either take the questionnaire to their home or use their break time.

Ethical consideration in research should uphold fairness, honesty, openness, disclosure of methods and the purpose for which the research is being carried out. In this case, Primary information gathered from respondents will be kept confidentially and will be destroyed after a reasonable period of time.

3.8 Data analysis

It is unquestionable that after collection of data there must be analysis, interpretation and presentation in order to give recommendation to the problem. Data will be analyzed using descriptive statistics. The tools to be used will consist of the weight means and standard deviation. The data will be interpreted and presented descriptively using charts, tables, percentages in reference to a number of selected variables such as age, years of experience and level of education.

The data organized analyzed to examine performance appraisal and its effect on employee performance. For the purpose of this study, quantitative data analyzed accordingly. Data presented in the form of statement. Descriptive statistics used to summarize data by using Statistical Package for the Social Sciences, (SPSS version 16) software.

Chapter four

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with the analysis and presentation of the quantitative data collected through questionnaire. The questionnaires composed of close ended questions which are summarized and presented in tables and graph using SPSS software. The researcher has also used some secondary data from published and unpublished documents of the Sub-City.

4.2. *Response Rate and Demographic Information*

Total of 311 questionnaires were distributed to employees, at Head office and Team leader of 4 pull in Bole Sub- City to the sample taken filled questionnaires were 100% returned (Fortunately am Team Leader and employees in my team helped me in distribution and collecting the data). So, these returned questionnaires together with responses from the interview and secondary data sources were analyzed and interpreted.

4.2.1 *Gender of Respondents*

The study aimed to establish the respondent's gender hence asked respondents to state their sex category. The findings were presented in table 4.1.

Table 4.1 Gender of Respondents

Sex	Frequency	Percent	valid Percent
Male	175	56.3	56.3
Valid Female	136	43.7	43.7
Total	311	100.0	100.0

The gender composition of the respondents as depicted in the above table was 175 (56.3%) male and 136 (43.7%) female. This shows that most respondents were male.

4.2.2 Age of employees

The study aimed to establish the respondent's age groups and hence asked respondents to state their age category. The findings were presented in figure 4.1.

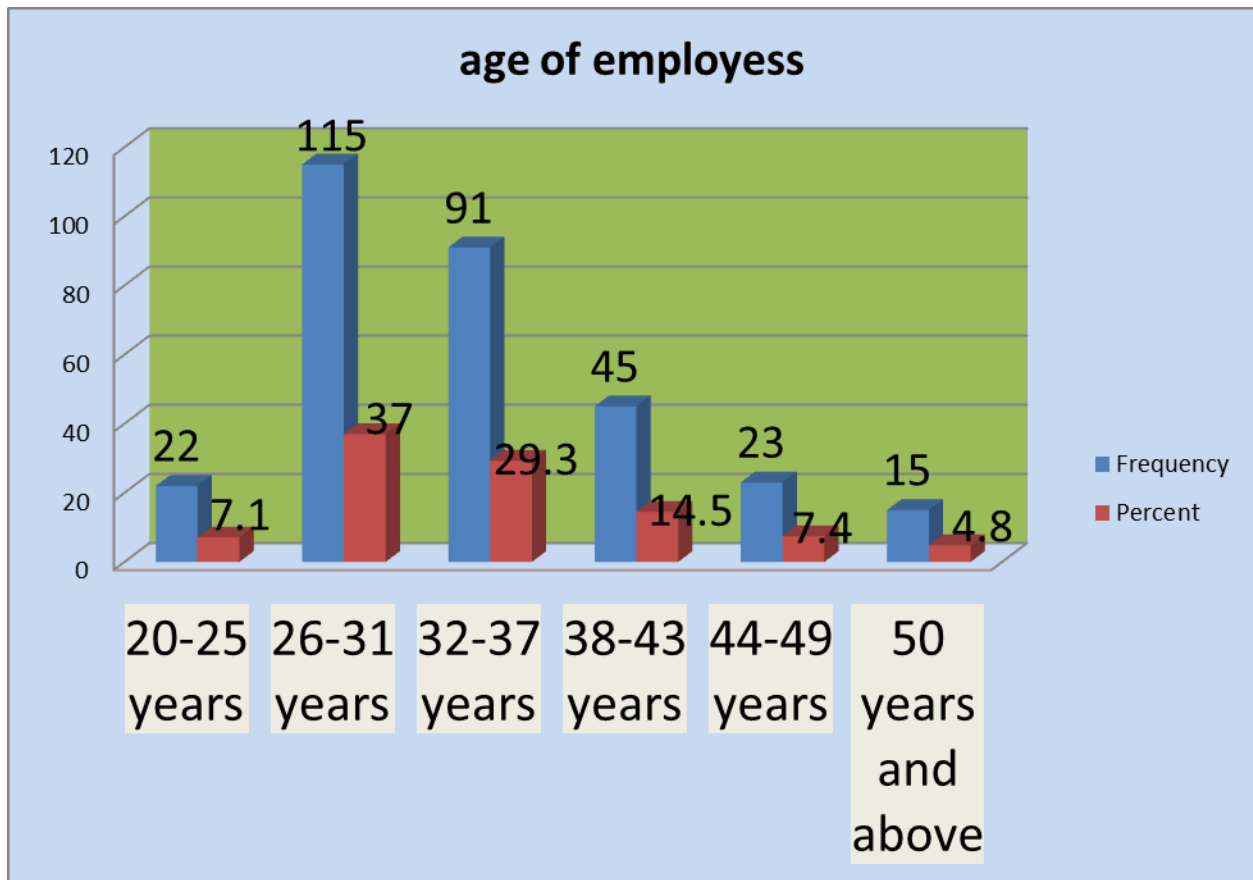


Fig:-4.1 age of employees

From the above fig 4.1 Majority of the respondents were between the age of 26-37, 206(66.3%), between 38-49 were 68(21.9%), 50 years and above were 15(4.8%), and from 20-25 were only 22(7.1%). This shows that the respondents were matured to present their ideas for the study based on the questionnaires.

4.2.3 Educational level of employees

The study sought to determine the highest education level held by the respondents and hence requested the respondents to indicate their highest level of education qualification. The findings were presented in table 4.2.

Table 4.2 Education of employees

Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
high school and below	2	.6	.6	.6
TVT	7	2.3	2.3	2.9
college	38	12.2	12.2	15.1
BSC degree	233	74.9	74.9	90.0
MSC	31	10.0	10.0	100.0
Total	311	100.0	100.0	

The educational back ground the majority of the respondents 233(74.9%) were first degree, 45(14.5%) TVT and college diploma 31(10%) were second degree, 2(0.6%) high school and below holders. This indicated that most educational preparation of the bole sub city employees were BSC and above this means good background to improve organizational effectiveness.

4.2.4 The status /Position of respondents in the organization

The study sought to determine the responsibility held by the respondents and hence requested the respondents to indicate their responsibility of organization. The findings were presented in fig 4.2.

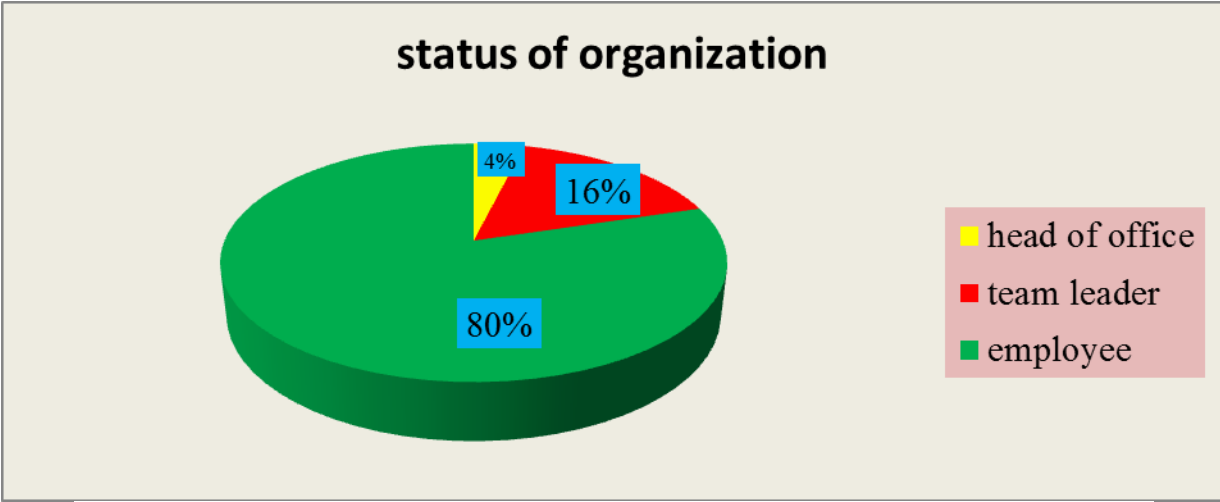


Fig:-4.2 status/position of respondent in the organization

The above fig 4.2 to show the status of organization to response of employees 248(79.7%) to response of team leader 51(16.4%), and the response of head of office 12(3.9%) This indicates most respondents were employees.

4.2.5 Work Experience of Respondents

The study sought to establish the experience of employees held by the study respondents and hence requested the respondents to indicate their work experience of employees. The findings were presented figure 4.2

Table :-4.3 Work Experience of employees

Years	Frequency	Percent	Valid Percent	Cumulative Percent
below 5 years	81	26.0	26.0	26.0
5-7 years	69	22.2	22.2	48.2
8-10 years	47	15.1	15.1	63.3
above 10 years	114	36.7	36.7	100.0
Total	311	100.0	100.0	

The table 4.2 shows that majority 36.7% had a working experience of above 10 years, 26% had below 5 years, 22.2% had 5-7 years and 15.1% had less than 5 years. This indicated that most of the respondents had along working experience which implies that majority of employees can easily understand the appraisal system.

Source: Own Survey 2020

As illustrated in the above table 4.4, the majority 70 % of the respondents agree, while 20% disagree and 10 % neutral regarding that, the formal appraisal system is consistently done annually.

The majority 44.6% of the respondents disagree while 38.3% agree and 17% of the respondents neutral regarding all factors facilitating performances appraisal system are taken into consideration while appraising the performance.

The majority 46.6 % of the respondents disagree, while 36.2% agree and 17.2 % neutral regarding that for the question, I am satisfied with the process of the performance appraisal system in Bole Sub-City.

The majority 54.2 % of the respondents disagree, while 29.9% agree and 16 % neutral regarding that, Performance evaluation system serves on the basis of employee performance.

According to the above table, 4.4 show the mean of 3.63 for the first item indicates that most of the respondents agree that the formal appraisals system is consistently done annually. On the other hand the mean values of the remaining three items range between 2.61-2.83 indicating respondents are neutral regarding the effectiveness of performance Appraisal System at the organization. The average of mean 2.98 indicates that respondents are neutral about the effectiveness of performance appraisal system don in the organization that means they are not sure to agree or dis agree the system.

4.4 360 degree performance appraisal system

The study indicates the extent to which the cause of 360 degree performance appraisal system affects appraisal system of employees' performance.

The findings were presented on the following table 4.5 below

Table:-4.5 360 degree performance appraisal system

No	Item	N	Level of agreement Frequency (F) & (percent (%))										Mean
			Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		
			F	%	F	%	F	%	F	%	F	%	
1	The performance result I received has helped me to improve my performance	305	40	13.1	92	30.2	53	17.4	90	29.5	30	9.8	2.93
2	Performance Appraisal practices of the Sub-City is used for training need assessment	303	45	14.9	86	28.4	50	16.5	97	32	25	8.3	2.9
3	I believe that a Performance Appraisal practice of the Sub-City is simply a matter of formality	306	28	9.2	51	16.7	46	15	12 1	39.5	60	20	3.44
4	I am satisfied with the current performance evaluation system of 360 Degree	286	53	18.5	10 3	36	61	21.3	55	19.2	14	4.9	2.56
5	The criteria in the present performance appraisal system of 360 Degree formats are representative enough to truly reflect employees real worth to his/her work unit or to the Organization as whole	304	55	18.1	10 0	32.9	67	22	63	20.7	19	6.3	2.64
6	360 Degree Performance Appraisal format is used across all department/Offices and to all employees irrespective of the type of task they are accomplishing	302	38	12.6	80	26.5	79	26.2	80	26.5	25	8.3	2.91
	Valid N (list wise)	277											2.87

Source: Own Survey 2020

According to the above table 4.5, the majority 43.3 % of the respondents disagree, while 39.3% agree and 17.4 % neutral regarding the performance result I received has helped me to improve my performance.

The majority 43.3 % of the respondents disagree, while 40.3% agree and 16.5 % neutral regarding that, Performance Appraisal practices of the Sub-City is used for training need assessment.

The majority 59.1 % of the respondents agree, while 25.9% disagree and 15 % neutral regarding for the question, I believe that a Performance Appraisal practice of the Sub-City is simply a matter of formality

The majority 54.5 % of the respondents disagree, while 24.1% agree and 21.3 % neutral regarding that, I am satisfied with the current performance evaluation system of 360 Degree.

The majority 51 % of the respondents disagree, while 27% agree and 22 % neutral regarding that, the criteria in the present performance appraisal system of 360 Degree formats are representative enough to truly reflect employees real worth to his/her work unit or to the Organization as whole.

The majority 39.1 % of the respondents disagree, while 34.8% agree and 26.2 % neutral regarding that, 360 Degree Performance Appraisal format is used across all department/Offices and to all employees irrespective of the type of task they are accomplishing.

According to the above table, 4.5 shows the average of mean 2.87 indicates that respondents are neutral regarding the effectiveness of 360 degree performance appraisal system don in the organization that means they are not sure to agree or dis agree the system whether it worth's or not the employee performance.

4.5 Inter personal relation

The study to indicate the extent to which the cause of inter personal relation affect appraisal system of employees' performance. The findings were presented on the following table 4.6 below

Table:-4.6 Inter personal relation

No	Item	N	Level of agreement Frequency (F) & (percent (%))										Mean
			Strongly disagree		Disagree		neutral		Agree		Strongly Agree		
			F	%	F	%	F	%	F	%	F	%	
1	I am comfortable in communicating my feelings with my immediate Boss	303	30	9.9	42	13.9	41	14	128	42.2	62	20.5	3.5
2	My immediate Boss/Team Leader is free from biases	300	34	11	36	12	54	18	119	39.7	57	19	3.43
3	My peers are free from biases	276	22	8	56	20.3	53	19	105	38	40	14.5	3.31
4	I believe that rating for me and for my peers is free from biases	295	17	5.8	29	9.8	28	9.5	141	47.8	80	27.1	3.81
5	My immediate Boss/Team Leader treats me with respect	291	17	5.8	22	7.6	36	12	139	47.8	77	26.5	3.81
	Valid N (list wise)	248											3.57

Source: Own Survey 2020

As illustrated in the above table 4.6, the majority 62.7 % of the respondents agree, while 23.8% disagree and 13.5 % neutral regarding that, I am comfortable in communicating my feelings with my immediate Boss.

The majority 58.7 % of the respondents agree, while 23.3 % disagree and 18 % neutral regarding that, my immediate Boss/Team Leader is free from biases.

The majority 52.5 % of the respondents agree, while 28.3 % disagree and 19.2 % neutral regarding that, my peers are free from biases.

The majority 74.9 % of the respondents agree, while 15.6% disagree and 9.5 % neutral regarding that, I believe that rating for me and for my peers is free from biases.

The majority 74.3 % of the respondents agree, while 13.4 % disagree and 12.4 % neutral regarding that, my immediate Boss/Team Leader treats me with respect.

According to the above table, 4.6 show the mean of 3.5-3.81 for the first, 4th and 5th items indicates that most of the respondents agree that the Inter personal relation is positive. On the other hand the mean values of the remaining two items range between 3.31-3.43 indicating respondents are neutral regarding the Inter personal relation in the organization. The average of mean 3.57 indicates that respondents are agree that there is positive inter personal relation between employees and their immediate boss/team leader.

4.6 Rater accuracy

The study indicates the extent to which the cause of rater accuracy affects appraisal system of employees' performance. The findings were presented on the following table 4.7 below

Table:-4.7 Rater accuracy

No	Item	N	Level of agreement Frequency (F) & (percent (%))										Mean
			Strongly disagree		Disagree		neutral		Agree		Strongly Agree		
			F	%	F	%	F	%	F	%	F	%	
1	My Immediate Boss/Team Leader understands the Performance Appraisal rating procedures and rating format	305	27	8.9	33	10.8	70	23	121	39.7	54	17.7	3.47
2	I know how to evaluate my selves performance perfectly	297	12	4	36	12.1	35	12	150	50.5	64	21.5	3.73
3	My peer groups are sure and know how to evaluate others performance perfectly	300	19	6.3	64	21.3	82	27.3	101	33.7	34	11.3	3.22
4	Rating system has no attachment with employee performance indicator.	303	33	11	64	21.1	60	20	108	35.6	38	12.5	3.18
	Valid N (list wise)	286											3.4

Source: Own Survey 2020

According to the above table 4.7, the majority 57.4 % of the respondents agree, while 19.7 % disagree and 23 % neutral regarding that, My Immediate Boss/Team Leader understands the Performance Appraisal rating procedures and rating format.

The majority 72 % of the respondents agree, while 16.1 % disagree and 11.8 % neutral regarding that, I know how to evaluate my selves' performance perfectly.

The majority 45 % of the respondents agree, while 27.6 % disagree and 27.7 % neutral regarding that, my peer groups are sure and know how to evaluate others performance perfectly.

The majority 48.1 % of the respondents agree, while 32 % disagree and 19.8 % neutral regarding that, rating system has no attachment with employee performance.

According to the above table, 4.7 show the mean of 3.73 for the 2nd item indicates that most of the respondents agree that the rater accuracy for selves is perfect. On the other hand the mean values of the remaining three items range between 3.18-3.47 indicating respondents are neutral regarding rater accuracy. The average of mean 3.4 indicates that respondents are neutral about the rater accuracy done in the organization that means they are not sure to agree or disagree the system attachment with employee performance and the rater accuracy.

4.7 Recognition and Reward

The study indicates the extent to which the cause of recognition and reward affects appraisal system of employees' performance. The findings were presented on the following table 4.8 below.

Table: - 4.8 Recognition and Reward

No	Item	N	Frequency (F) & (percent (%))										Mean
			Strongly disagree		Disagree		neutral		Agree		Strongly Agree		
			F	%	F	%	F	%	F	%	F	%	
1	I benefited from the Sub-City Performance Appraisal practices since it provides me personal development and promotion	298	90	30.2	97	32.6	49	16.4	42	14.1	20	6.7	2.4
2	My Immediate Boss/Team Leader provides me recognition when I exceed expectations.	300	56	18.7	91	30.3	57	19	64	21.3	32	10.7	2.8
3	The Sub-City Performance Appraisal system have no attachment with any recognition, reward or redeployment	301	35	11.6	72	23.9	68	22.6	88	29.2	38	12.6	3.1
Valid N (list wise)		288											2.77

Source:-survey data on 2020

In the above table 4.8, the majority 62.8 % of the respondents disagree, while 20.8 % agree and 16.4 % neutral regarding that, I benefited from the Sub-City Performance Appraisal practices since it provides me personal development and promotion.

The majority 49 % of the respondents disagree, while 32 % agree and 16.4 % neutral regarding that, My Immediate Boss/Team Leader provides me recognition when I exceed expectations.

The majority 41.8 % of the respondents agree, while 35.5% disagree and 22.6 % neutral regarding that, The Sub-City Performance Appraisal system has no attachment with any recognition, reward or redeployment.

According to the above table, 4.8 show the mean of 2.4 for the first item indicates that most of the respondents agree that the appraisals system has no attachment with personal development and promotion. On the other hand the mean values of the remaining two items range between 2.8-3.1 indicating respondents are neutral regarding the recognition and reward system. The average of mean 2.77 indicates that respondents are neutral about the recognition and reward system don in the organization that means they are not sure to agree or disagree the system attachment with employee performance.

4.8 Feedback

The study indicates the extent to which the cause of feedback, affects appraisal system of employees' performance. The findings were presented on the following table 4.9 below.

Table:-4.9 Feedback

No	Item	N	Frequency (F) (percent (%))										Mean
			Strongly disagree		Disagree		neutral		Agree		Strongly Agree		
			F	%	F	%	F	%	F	%	F	%	
1	My Immediate Boss/Team Leader provides me clear and timely feedback on my performance	303	37	12.2	80	26.4	54	17.8	101	33.4	31	10.2	3.03
2	My Immediate Boss/Team Leader comments positively how I perform during the feedback.	298	33	11.1	80	26.8	53	17.8	104	34.9	28	9.4	3.05
3	My Immediate Boss/Team Leader feedback helps me to fill my skill gap	297	45	15.2	72	24.2	54	18.2	94	31.6	32	10.8	2.99
4	There is no feedback of performance appraisal system in my organization	301	43	14.3	72	23.9	59	19.6	96	31.6	31	10.3	3
	Valid N (list wise)	300											3.02

Source:-survey data on 2020

In the above table 4.9, for the 1st question, majority 43.6 % of the respondents agree, while 38.6 % disagree and 17.8 % neutral regarding, My Immediate Boss/Team Leader provides me clear and timely feedback on my performance.

For the 2nd question, majority 44.3 % of the respondents agree, while 37.9 % disagree and 17.8 % neutral regarding, My Immediate Boss/Team Leader comments positively how I perform during the feedback.

For the 3rd question, majority 42.4 % of the respondents agree, while 39.4 % disagree and 18.2 % neutral regarding, My Immediate Boss/Team Leader feedback helps me to fill my skill gap.

For the 4th question, the majority 41.9 % of the respondents agree, while 38.2 % disagree and 19.6 % neutral regarding, there is no feedback of performance appraisal system in my organization.

According to the above table, 4.9 show the mean of 2.99-3.05 for all item indicates that most of the respondents are neutral regarding the feedback system. The average of mean 3.02 indicates that respondents are neutral about the feedback system done in the organization that means they are not sure to agree or disagree the system.

4.9 The Validity and Reliability test analysis

Validity implies the degree to which a question measures what it was intended to measure. To assure the validity of the study, questionnaires were developed on the bases of previous studies and review of related literature. The questionnaire was subjected to a validity test. Pre testing was done to see the applicability of the tools and how the questionnaire was acceptable to the respondents. Pre testing was done on selected respondents which were not part of the final research. After the pretest, alterations were made to the tool.

Table:-4.10 Reliability of variables based on Cronbach’s alpha level

Source:-survey data on 2020

Reliability of the survey instrument was established by calculating Cronbach’s alpha to measure internal consistency. As shown in table 4.10 Cronbach’s alpha exceeds the recommended threshold level of 0.7 for all constructs, suggesting satisfactory reliability for the individual variables (Nunnally (1978)

Variable	Cronbach’s Alpha	No. of Items
Effect of performance appraisal system	0.796	4
360 degree of performance appraisal system	0.753	6
Inter personal relation	0.876	5
Rater accuracy	0.704	4
Recognition and Reward	0.662	3
Feedback	0.806	4

4.10 Interpretation and Discussion

The appraisal system of Bole Sub City administration of employees performance of research analysis result put on by using liker scale analysis using three category, this indicate that agree, disagree and neural to analysis for the measurement of factors.

Based on each question the interpretation was as follows

Effectiveness of performance appraisal system

The study investigated that the average of mean 2.98 indicates that respondents are neutral about the effectiveness of performance appraisal system don in the organization that means they are not sure to agree or dis agree the system. This indicates that Performance appraisal system in the organization shows negative reaction of employees to the existing system.

Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual Employee's strengths and weaknesses (Ruddin, 2005). Therefore, abandoning the only objective with performance and employees as its focus would seem to be an ill-advised over reaction. On top of these considerations, managers must be concerned about legal consequences. Developing an effective performance appraisal system has been and will continue to be a high priority for management used for different purposes in which include Human resource decisions, evaluation and feedback (Cleveland, Murphy & Williams, 1989).

This indicates that employees of Bole Sub-City administration are at low level in their satisfaction with the process of performance appraisal system.

360 degree performance appraisal system

The study investigated of respondents was indicates that most of the respondents are neutral regarding the effectiveness of 360 degree performance appraisal system. This indicates that employees of Bole Sub-City administration are not truly reflected the real worth of the appraisal system in the organization as a whole.

The great problem occurred in the organization is Communication problem. Which is 360 degree performance review is very crucial to communicate the entire process to the stakeholders of the organization. The purpose and objective of 360 degree performance appraisal process should be clearly mentioned and explained to each and every participant. Also the process through which the feedback will be gathered and how the feedback will be utilized should be clearly conveyed to the stakeholders, this process can take more than 12 weeks rather than ethical and exercise of Self-Review, Peer Review, and Attitude of the participants, this all are missed and the whole process were completed in 3 weeks, rather than this the aim of evaluation was told for employees as it helps for redeployment and promotion so that the result was no attachment with performance.

Inter personal relation

The study investigated that, most of the respondents agree the Inter personal relation is positive. On the other hand for the questions of pear group and boss are they free from bias the respondent's rate neutral.

This indicates that the respondents for majority questions of Inter personal relation are a neutral extent. The possible solution for inter personal solution could affecting appraisal system of employee performance. This demonstrates that the respondents' answers were reliable, accurate and demonstrated the extent.

As (Sudin S., 2011) indicated that employee satisfaction and perception of fairness in the system has complex and active relationship with employee performance appraisal and it is highly important for the organization to focus on perceived fairness or organizational justice in the work setting to improve employees performance. Perceived fairness (justice) in PAS has greater effect on the individual's attitude and behavior like job satisfaction, organizational commitment, turnover intentions etc. and ultimately it affect the performance of individual in the workplace. Perception about fairness mainly depends on the standards followed by supervisor' in implementing the performance appraisal system by performing equal treatment and fair distribution of rewards among employees.

From interview and literature review the researcher interprets that communication about the appraisal system done through in personal meeting with supervisors, managers, leaders and employees are weak and lack of enough understanding and experience also do not give enough time.

Rater accuracy

The study investigated that majority of respondents for the question I know how to evaluate my selves performance perfectly most of the respondents agree, On the other hand for the remaining three items respondents ret neutral regarding rater accuracy.

This indicates that the respondents Inter personal relation affecting appraisal system of employee performance. This demonstrates that the respondents' answers were reliable, accurate and demonstrated the extent. In this case also from interview and literature review the researcher interprets that most of raters are biased and do not have enough understanding and experience about rating and the consequence on employee performance.

According to (Fink and Longenecker, 1998) in order to successfully achieve broad objectives performance, performance appraisal systems need to have two key components in place. First, they must have a technically sound rating process in place. That is to say, the organization must

have clearly developed rating procedures; an appropriate, user-friendly instrument (form); and a system in place to monitor compliance and to store appraisal data. The second key component to a successful performance appraisal system is the manager who is actually called upon to evaluate employee performance. The manager, placed in the challenging role of performance “rater,” must have both the skills and motivation to conduct effective performance appraisals.

Recognition and Reward

The study investigated that majority of respondent disagree that the appraisals system practices provides me personal development and promotion. On the other hand for the remaining two items respondents rate neutral regarding the recognition and reward system.

This indicates that the employees of Bole Sub-City administration are not benefited in recognition and reward.

Workers reduce their efforts if they feel that they are treated inequitably (Hyde, 2005). Expectancy theory (Vroom, 1964) indicates that employees will be motivated to exert high level of effort when they believe that their efforts will lead to higher performance (expectancy), higher performance will lead to rewards (instrumentality) and rewards are valuable to them (valence). This effort will lead to good performance appraisal and followed by organization rewards such as bonus, salary increment or promotion which later satisfy personal goals (Vroom, 1964).

Feedback

The study investigated from respondent for the question of all item indicates that most of the respondents rate neutral regarding the feedback system.

This indicates that the team leaders/boss of Bole Sub-City administrations were less than behalf to provide clear and timely feedback on employee performance.

Drew, 2009 highlighted on individual leadership development by using 360 degree feedback. The author analyzed that 360 degree feedback has favorable influence in different universities as well as also in knowledge based entities in the aspect of leadership. Here “People engagement” was thoroughly checked by gaining well defined feedback. 360 degree feedback is considered as an adding value to individuals where in individuals looks into their self and work on it for their own development there by meeting the organization’s objective.

Samaduzzaman, 2013 discussed that 360 degree feedback is an effective performance evaluation method to measure the efficiency of a person. The feedback helps in removing the misconceptions or wrong perceptions where in the author failed to focus on the type of the organizations where 360 degree feedback has been used and has made an impact.

4.11 Interview

Interview conducted with Head of Organizations and Team Leaders

Summary of the Response on the Interview Questions

An interview was conducted with the head of Organizations and Team Leaders has responded to the different question which was raised by the researcher. The first question was what is the performance Appraisal System used in Bole Sub-City? And the respondent said that 360 degree of performance appraisal system, but they informed that as they heard when they are assigned to appraise and the system was very new to implement properly. Following about effective and efficient of 360 Degree performance appraisal system implemented in Bole Sub-City the respondents said that yes it will be effective and efficient if employees, team leaders and Head of organizations are aware of the system and well-trained and have awareness of the system it can improve the employee's strength and can met the organization strategies, but don. For the question regarding the appraisal program designed with input from employees and their representatives, most of them replied that when appraisal program designed no input were taken from employees rather selected team leaders and management bodies provide input for the program.

For the question have you ever encountered any difficulties in carrying out the performance appraisal process the respondent replied team leaders and Head of organizations tried to evaluate at list in better way in identify employees weakness and strength, in the other hand most challenging factor is that the performance Appraisal Process the employees outlook is similar to get high point for the competition. What is the purpose of the performance appraisal system contributes to the employee's performance development; the respondents indicated that some employees got advantage during deployment bathed on improper result of evaluation and the other lost. For the question how would you describe the relationship between appraisers and appraise before and after performance appraisal system most of respondents replied that who got better have positive relation and not fairly appraised tend to be bitter and the relation is above neck.

The interview also included what is your overall opinion about the effect of performance appraisal in the Sub-City, most of respondent for this question said that for the future we can take as good lesson and the training must have given for the appraise and appraiser, also the organization should supposed to reconnect the outcome and link it with employee improvement strategies. And finally to improve the implementation of 360 Degree performance appraisal method what they suggested was to fill the gap, must have to give adequate training for employees on performance appraisal, and some leaders were not aware of the system to involve in the performance appraisal practices. The other one is that there were problem of smooth flow information between Head of organizations and team leaders to subordinates .i.e. information gap is the other factors for performance appraisal practices.

Chapter Five

Summary of Findings, Conclusions, and Recommendations

5.1 Introduction

In this chapter, major findings are going to be summarized and the subsequent conclusions are made. Based on the conclusion, recommendations are forwarded in relation to literatures reviewed recommendations for improvement and those for additional studies.

5.2 Summary

Appraising performance plays a vital role on the employee performance. The study found that performance appraisal system influence employee's performance and that performance appraisal systems act as a, motivation tool that enhances employee's performance and ultimately organizational performance. From the findings, it was established that the appraisal system done in Bole Sub-City was twice in a year semiannually, and at the end of the year. The study established that organization utilized targets, accomplishments, organization goals, time management and efficiency for performance measurement purposes. The study established that performance appraisal provides an opportunity to identify employees strength and weakness, therefore providing them the necessary training, helps employees to meet performance targets in the organization, offers poor performers are chance to improve, helps employees on time management through planning and setting of deadlines, managers to make informed decisions about promotions and assignments based on applicable facts, improves employee's synergies.

The study further established that performance appraisal allows employee and Head of organizations /Team leaders to share Organizational goals during an appraisal, enables employee gains a greater sense of team belongingness. The study established that 360 degree performance evaluation method was used by the organization appraisal system influencing the employee performance largely.

From the findings, that the management bodies announce about the appraisal system for the appraiser and appraise how to struggle employees each other based on job performance when evaluating peers and during self-review the real capacity and how he/she accomplish individual goals are strict, but during evaluation the system applied was symbolic . Performance appraisals help in identifying employees rewards, provides an opportunity to set individual development plan, contribute to individual work planning and achieving of targets, helps managers to make informed decisions about promotions and assignments based on applicable facts, all this can do when the appraisal system was healthy but in Bole Sub-City not applicable. It was established that the organization uses of 360 degree performance appraisal system was influences employee performance in an organization to a very great extent.

5.3 Conclusions

The findings of the descriptive analysis revealed that there is wide gaps in the application of all the components of performance appraisal process such as, communication problem, measuring actual performance, discussing the appraisal with the employee and giving feedback and indicating corrective action, are the major problems of employee performance. In addition the result of the analysis indicates that significant effect on employee's performance. Therefore, there is a need for the improvement of employee performance appraisal process in Bole Sub-City through training, communicating the appraisal process to the management bodies; provision of proper feedback, standardizing the instrument and through different ways of indicating corrective actions (Decision making) is available.

Therefore, an appraisal can be considered as an important factor in identifying the people's talents and capacities and its results can make them aware of advancements, plans and goals. An organization, it self, needs to detect the employees efficiency to improve the manpower's status, for the purpose of increasing the volume of services and making positive changes in its tendency (Kavussi Shal, 1999).

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

The performance appraisal method applied should be valid. There must be a clear link between the performance standard for a particular job and an organization's goals and this should be measured accurately by the method. Appraisers should be thoroughly trained in purpose and utilization of the performance appraisal system. (Wolf, C. 2005). The performance appraisal method applied must be sensitive in distinguishing effective performers from ineffective performers/ the performance appraisal method should be reliable in that different raters using the same method will rate the same employee similarly. The performance appraisal method should be easily understood by both raters and the employees. (Fletcher, C. (2004)).

From the summary the researcher conclude that, 360 degree evaluation method was not satisfied most of employees and it influences employee performance in an organization to a very great extent, so it can be applicable if and only if when enough training about rating for others, self and peers to avoid biasedness for the appraise and appraisal also exercising at list twice before final rating is necessary oriels finding another appraisal system was recommended.

5.4 Recommendations

From the findings and conclusion, the study recommend that organizations should appraise their employees to enhance employees' performance the management should therefore utilized targets, accomplishments, organization goals, time management and efficiency for performance measure purposes and the appraisal process as this would lead to increase in employee's performance.

Therefore the study finally recommends adoption of Performance Management System was significant in apprising employee's performance at Bole Sub-City.

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APPENDIX

APPENDIX I:

QUESTIONNAIRE

I'm **Lekulu Hibiste** a student from Addis Ababa University pursuing my MBA in Human Resource Management. As part of my study in completion of the course I am required to conduct a research study. My topic is **“Effect of performance appraisal on employees’ performance in Bole Sub-City ”**. I'm kindly requesting you to take your time briefly to complete this questionnaire. The information given will be taken with much confidence and it will be used strictly for academic purposes to assist in the accomplishment of the course.

Research topic: ‘Effect of performance appraisal on employees’ performance in in Bole Sub-City’

Section A: Demographic Information

1. What is your gender? Male Female
2. What age group do you fall under?

20- 25 years <input type="checkbox"/>	26-31 years <input type="checkbox"/>	32- 37 years <input type="checkbox"/>
38- 43 years <input type="checkbox"/>	44- 49 years <input type="checkbox"/>	50 years and above <input type="checkbox"/>
3. What is your highest level of education?

High school and below <input type="checkbox"/>	TVT <input type="checkbox"/>	College <input type="checkbox"/>
Graduate Degree <input type="checkbox"/>	Post graduate <input type="checkbox"/>	PhD/Doctorate <input type="checkbox"/>
4. What is your status in the organization?

Head of Office <input type="checkbox"/>	Team Leader <input type="checkbox"/>	Employee <input type="checkbox"/>
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5. How many years have you completed in the organization?

5 – 7 years <input type="checkbox"/>	8 – 10 years <input type="checkbox"/>	Below 5 years <input type="checkbox"/>
		Above 10 years <input type="checkbox"/>

Section B: QUESTIONNAIRE

Effect of Performance Appraisal on Employee Performance, in Bole Sub-City.

Pleas for the following questions on a scale of 1-5 ret your opinion by (✓) Where 5= Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly Disagree

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□□□□□□ □□□□ (✓) □□□□ □□□□

5 = □□□ □□□ □□□□□□ 4 = □□□□□□ 3 = □□□□□ □□ 2 = □□□□□□ 1 = □□□□ □□□□□□ □□□□ □□□□

S.N	Descriptions	Strongly Agree □□□ □□□ □□□□□□ 5	Agree □□□□ □□ 4	Neutral □□□□ □ □□ 3	Disagree □□□□ □□ 2	Strongly Disagree □□□□ □□□□□□ 1
	Effectiveness of Performance Appraisal □□□□ □□□□□□□□ □□□□□□					
1	Formal appraisals system consistently done in my Office annually □□/□□□□ □□□□ □□□ □□□□ □□□□□□ □□□□□□					
2	All factors facilitating performances appraisal system taken into consideration while appraising the performance □□□ □□□ □□□ □□□ □□□□□□ □□□□□□□□ □□□□ □□□□□□					
3	I am satisfied with the process of the performance appraisal system in Bole Sub-City □□□ □□□ □□□ □□□□□□ □□□ □□□ □□□ □□□□ □□					
4	Performance evaluation system serves on the basis of employee performance □□□□ □□□□ □□□□□□□□ □□□ □□□ □□□□					
S.N	Descriptions	Strongly Agree □□□ □□□ □□□□□□ 5	Agree □□□□ □□ 4	Neutral □□□□ □ □□ 3	Disagree □□□□ □□ 2	Strongly Disagree □□□□ □□□□□□ 1
	360 Degree Performance Appraisal System □360 □□□ □□□ □□□□□□ □□□□□□					
5	The performance result I received has helped me to improve my performance □□□□□□ □□□□ □□□ □□□□□□□□ □□□□□□□ □□□□□□					
6	Performance Appraisal practices of the Sub-City is used for training need assessment					

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7	I believe that a Performance Appraisal practice of the Sub-City is simply a matter of formality □□/□□□□ □□□□ □□□□ □□ □□ □□□□□ □□□□□ □□□□□ □□					
8	I am satisfied with the current performance evaluation system of 360 Degree □□□□□□ 360 □□□ □□□ □□□□ □□□□□					
9	The criteria in the present performance appraisal method of 360 Degree form are representative enough to truly reflect employees real worth to his/her work unit or to the Organization as whole □□□□□ 360 □□□ □□□ □□□□□ □□□□□□□ □□□□□ □□□ □□ □□□□□ □□□ □□□□ □□□□ □□□□					
10	360 Degree Performance Appraisal format is used across all departments/Offices and to all employees irrespective of the type of task they are accomplishing 360 □□□ □□□ □□□□ □□□□□ □/□□□ □□□□ □□ □□□□□ □□□ □□□ □□ □□□□□ □□□□ □□□□□ □□□□□ □□					
S.N	Descriptions	Strongly Agree □□□ □□□ □□□□□ 5	Agree □□□□ □□ 4	Neutral □□□□ □ □□ 3	Disagree □□□□ □□ 2	Strongly Disagree □□□□ □□□□□□ 1
	Inter personal Relation □□□□ □□□ □□□□□□ □□□□□					
11	I am comfortable in communicating my feelings with my immediate Boss □□□□□□ □□□ □□□□ □□□□ □□ □□□□□□ □□ □□□□ □□					
12	My immediate Boss/Team Leader is free from biases □□□□ □□□□ □□□□□□ □□□□ □□□ □□/□□					

13	My peers are free from biases □□□ □□□□□□ □□□□□□ □□□□ □□□ □□□					
14	I believe that rating for me and for my peers is free from biases □□ □□□ □□ □□□ □□□□□□ □□□ □□□ □□□□□□□ □□□□ □□□□ □□					
15	My immediate Boss/Team Leader treat me with respect □□□□ □□□□ □□□□□□ □□□□□□□□					
	Rater accuracy □□□□ □□ □□□□□□					
16	My Immediate Boss/Team Leader understands the Performance Appraisal rating procedures and rating format □□□□ □□□□ □□□□ □□□ □□□□□ □□ □□□□□ □□□□ □□□□ □□□□□					
17	I know how to evaluate my selves performance perfectly □□ □□□□ □□□□□ □□ □□□□ □□□□ □□□					
18	My peer groups are sure and know how to evaluate others performance perfectly □□□ □□□□□□ □□□□□□□ □□ □□□□ □□□□ □□□□□ □□□□□□□ □□ □□□□ □□□□ □□□□					
19	Rating system has no attachment with performance □□□ □□□□ □□□ □□□□□ □□ □□□□ □□□□/□□□□□□					
S.N	Descriptions	Strongly Agree □□□ □□ □□ □□□□□	Agree □□□□ □□	Neutral □□□□ □ □□	Disagree □□□□ □□	Strongly Disagree □□□□ □□□□□□
		5	4	3	2	1
	Recognition and Reward □□□□ □□ □□□□					
20	I benefited from the Sub-City Performance Appraisal practices since it provides me personal					

	development and promotion □□□□ □□□□ □□□□ □□□□ □□□ □□□□ □□□□ □□□□ □□□□					
21	My Immediate Boss/Team Leader provides me recognition when I exceed expectations. □□□□ □□□□ □□□□□□□□ □□□□□/ □□□□ □□□ □□□□ □□□□□					
22	The Sub-City Performance Appraisal system have no attachment with any recognition, reward or redeployment □□□□ □□□□ □□□□□ □□□□ □□□ □ □□□□ □□ □□□□ □□□□□ □□□ □□ □□□ □□□□□ □□□□□□□					
	Feed Back □□□-□□□□ □□□□□□					
23	My Immediate Boss/Team Leader provides me clear and timely feedback on my performance □□□□ □□□□ □□□ □□ □□□□ □□□ □□□ □□□□□					
24	My Immediate Boss/Team Leader comments positively how I perform during the feedback. □□□□ □□□□□ □□□□□ □□□ □□□ □□□□ □□ □□□□□□ □□ □□□□□□ □□					
25	My Immediate Boss/Team Leader feedback helps me to fill my skill gap □□□□ □□□□ □□□□□ □□□ □□□ □□□□□ □□□□□ □□□□ □□□□ □□□					
26	There is no feedback of performance appraisal system in my Organization □□□□ □□□ □□□ □□□ □□□□ □□□□□□					

Thank You Very Much, For answering the questions

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APPENDIX II

INTERVIEW QUESTION

INTERVIEW QUESTION PREPARED FOR HEAD OF OFFICE AND TEAM LEADER

1. What is the performance Appraisal System used in Bole Sub-City?
2. Have you met any difficulties in carrying out the performance Appraisal Process?
3. What is your overall opinion about the effect of performance appraisal system on employee's performance in Bole Sub-City?
4. Do you think that the 360 Degree performance appraisal system implemented in Bole Sub-City is effective and efficient? Why?
5. What is the purpose of the performance appraisal system contributes to the employee's performance development?
6. Was the appraisal program designed with input from employees and their representatives?
7. How would you describe the relationship between appraisers and appraise before and after performance appraisal system?
8. Please give ideas as to how the implementation of the 360 Degree performance appraisal method could be improved?