



**THE EFFECTIVENESS OF PERFORMANCE  
EVALUATION SYSTEM IN THE CASES OF  
PACT ETHIOPIA**

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## DECLARATION

I declare that the project entitled “THE EFFECTIVNESS OF PERFORAMCE EVALUAITON SYSTEM IN THE CASES OF PACT ETHIPIA” is my original work and has not been presented for a degree in any other university, and that all sources of material used for the project have been duly acknowledged.

By: **Yemisrach Mihret**

Signature \_\_\_\_\_

Date \_\_\_\_\_

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To make this study to reach its completion, many individuals were involved. I would like to thank them for facilitating this study in one way or another. “You honored me and my work. Feel proud of this output”. Let me applaud specific contributions.

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## ABSTRACT

Challenges associated with performance management initially include defining and understanding the term itself. Performance management encompasses the entire process of improving and sustaining human performance throughout an organization. Collectively, the performance of individuals determines that of teams, departments and ultimately the entire enterprise.

Thus, the objective of the study was to assess the Effectiveness of Performance Management system of Pact Ethiopia with the major themes of the study being performance planning, execution, assessment and the uses of the evaluation results. To collect necessary information for the purpose of the study, the researcher used questionnaire, interview, and document review. Questionnaires were distributed to all (93) employees based in Addis Ababa out of which 86% were returned. Based on the returned questionnaire, descriptive statistics were used to analyze the data. The results of the analysis shows that, in the performance management practice of the organization there are some strong areas to be further strengthened and as well as weak areas to be improved. Among the weak areas, even though employees were participating in the performance planning process goals are not set in measurable terms and employees are not clear on what is expected from them, they were not aware of the evaluation standards, they didn't get appropriate information when things are changed and didn't get timely feedback, there is a communication gap, their performance assessment was not based on what the employees and their supervisors jointly agreed, the evaluation system was not in a position to identify high performers and underperformers and other related issues were identified. Moreover the evaluation results is not used for the intended purpose and other related issues were identified. Based on the findings suggestions were forwarded: revising the purpose of the performance evaluation in light of its practical use, improving the objectivity and measurability of the criteria and giving emphasis for the utilization of the performance evaluation results for staff development and administrative decisions in a timely and consistent manner.

## LIST OF ABBREVIATIONS

HR	–	Human Resource
HRM	–	Human Resource Management
HRP	–	Human Resource Practitioners
IAP	–	Individual Accountability Plan
MR	–	Midterm review
NGO	–	Non Government Organizations
PAS	–	Performance Appraisal System
PE	–	Performance Executions
PR	–	Performance Review
PMS	–	Performance Management System

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# CHAPTER ONE

## 1.1 INTRODUCTON

The HRM is said to be a central nervous system of any organization. Organization's success determined by its qualified employees not by the technology they have or the buildings they acquire. Of course both are an important input for every organization but technology and building can be easily imitate and copied by others with in short period of time. Whereas, employees are the most important asset of the organization because it takes a long time to imitate one's knowledge and skill. (David A. and Stephen P. 2005) So, human resource management is the most important function of the business because it manages the organizations most important asset.

Performance Management system is among the functions of HRM that ensures and maintains the proper flow of life blood in every section and unit of organization, which is human capital: person's knowledge, skills, experience and abilities (Junejo M.A. 2010)

Performance management is a process of establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organizational performance (Armstrong M. 2006).

Others also defined performance management as a process of communication through which a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished (i.e. the planning aspect), how work is progressing toward desired results, and finally, evaluate whether the performance has achieved the agreed-upon plan (Plachy and Plachy 1988), cited in Armstrong M. 2006. Performance management refers to an ongoing process that includes setting (and aligning) goals, coaching and developing employees, providing informal feedback, formally evaluating performance, and linking performance to recognition and rewards.

The goal performance evaluation system is to enhance the employee's performance (as well as job satisfaction and commitment to the organization) and the performance of the organization (James W.2009).

Achieving effective performance of human resources is primary goal of every organization. In this regard, performance management practice of human resource management provides the sound basis of evaluating and developing employee in order to enhance organizational success. Likewise, quality service of employees cannot be achieved without continuous assessment and improvement of employee's performance.

According to Dick Grote (2002) performance management is an ongoing process that comprises four phases: Performance Planning, Performance Execution, Performance Assessment (Review), and Proper use of the result. Other classification of phases was also developed by different authors. Though the phases may vary from one author to the other, the key performance management activities are included in one way or another. For the purpose of the study the aforementioned four-phase model have been used.

Performance management therefore, is an important human resource function, which provides management with a systematic basis for effectively recognizing and evaluating the present potential capabilities of human resource. Performance management should be a continuous function. The supervisor should continuously determine how effectively their subordinates are performing different tasks. Employees should be appraised at least once a year, as this will contribute to increased employee efficiency, productivity and morale. This cannot be achieved without continuous assessment and improvement of employee's performance. One way to undertake this activity is through performance management system. Similar to any organization, pact Ethiopia evaluates their employee's performance for effective human resource management.

At organizational level, the performance management system impacts other HR systems and organizational strategy. In today's dynamic world, the success of the organization

highly depends on the competency and commitment of its employees. In order to ensure sustained productivity and success of members of staff, each organization has to carry out employee performance management from time to time so as to keep them in check and replace, motivate, retrain or take any other appropriate actions. According to Michael Armstrong (2006) Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time; and provides the basis for regular and frequent dialogues between managers and individuals about performance and development needs

Therefore, the study focused in assessing the effectiveness of performance management practice of Pact Ethiopia country office with more emphasis given to performance planning, performance execution, performance assessment practice, the use and objectives of assessment results, employees perception about the processes and problems encountered during the processes.

## **1.2. Background of the organization**

As per the HR policy and procedures manual of the organization (2007), Pact has started operating in Ethiopia since 1995 and legally registered in 1996 with the mandate of building the institutional capacity of local NGOs and implementing different programs. Pact is managing a variety of projects in partnership with diversified donor base.

Pact Ethiopia is a branch of Pact, Inc. which is American based international NGO. Pact, Inc.'s mission is to help build strong communities globally that provide people with an opportunity to earn a dignified living, raise healthy families, and participate in democratic life. Pact, Inc., which is also referred to as Pact Headquarters, achieves this by strengthening the capacity of grassroots organizations, coalitions and networks and by forging linkages among government, business and citizen sectors to achieve social, economic and environmental justice. Pact Ethiopia is part of this strong linkage.

Pact aspires to see a peaceful and prosperous nation whose citizens' social, economic and environmental wellbeing is sustainably ensured. With a mission of attainment of

sustainable and equitable development through enhancing capacity development actors and communities, and by promoting partnership and intersect oral linkage.

- Pact Ethiopia accomplishes these by:
  - Forging partnerships with development actors;
  - Employing a range of innovative development models and tools with the aim of replication;
  - And enhancing capacity, and networking.

As an international organization the organization has its own mission and vision and also has country strategic objectives which revised every five years. Pact also has core values. The organization involves in differed development activities like Health, Education, women enhancement, livelihood considered as a key factor and also involved in crosscutting areas like Disability, Gender and HIV/AIDS, Environment, Natural resource conservation

Since it is an international NGO the organization has guideline on performance evaluation system and these guidelines were distributed to all staff when they join the organization along with other manuals like HR manuals, Procurement manuals, e-mail usage manual etc as part of the induction process. Every new employee has expected to read and internalize these manuals as part of his/her orientation session and expected to implement while they are doing their jobs. With the purpose of (performance evaluation manual, 2011)

- a) Recognizing and rewarding superior accomplishments, and
- b) Identifying and correcting both organizational and employee's areas which need improvement.
- c) To provide feedback
- d) To review an employee's work related behavior with a view to improving his/her performance through training, carrier development and motivation.
- e) Documentation on which to base promotions, pay raises or bonuses.

In order to attain the objective of the organization, employees' performance management will greatly contribute towards the attainment of the organization's goals. Thus, the employees' performance measurement will be in line with its goals.

### **1.3 Statement of the Problem**

As an international organization, Pact Ethiopia try to implements performance evaluation system and avails a guideline to every employee with an aim to improve the competence of staffs and thereby insure the quality of service given by the organization. However, it is observed that, performance management system is not used for the intended purpose rather it is done for the sack of formality due to that staffs do not pay the due attention to the practice. Beside this there is no systematic analysis of the situation hampering the leadership ability to take practical measures to influence the system in the desired manner as the management's effective intervention largely depends on its understanding of situation.

In light of the above problem indicators, the study addressed the overall question that follow: *Does the organization properly carryout employee performance planning, performance execution, assessment and for what purpose does the performance management system serves?*

### **1.4 Research Question**

The study was guided by the following research questions:

Is the practice of performance evaluation system of pact Ethiopia effective?

#### **Specific questions**

- Does employee participate in performance planning and assessment processes?
- Is there a mutual understanding on performance expectation and measuring criteria b/n employees and their supervisor?
- Does supervisor's frequently update changes to their subordinate?
- Is employee get timely feedback on their day to day performance?
- Does the organization properly carry out the performance assessment processes?
- Is the result of the appraisal used for the intended purpose?
- Does a staff clearly understand the use of performance management system?

- What are the objectives and major purposes of performance evaluation in Pact Ethiopia?
- What are the problems in the current performance evaluation system?

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

The purpose of this study was to assess the effectiveness of performance evaluation system in the case of pact Ethiopia.

To accomplish the above general objective, the following specific objectives were designed.

- Investigating the level of staff's participation on performance evaluation processes?
- Determining the level of mutual understanding among the staff on the performance expectation and measuring criteria.
- Assessing supervisors and staffs level of communication regarding the work performed
- Analyzing the practice of staff performance evaluation system
- Identifying the major objective or purposes of the organization's performance evaluation practice.
- Assessing staffs understanding regarding performance management system
- Determining whether the staff assessment results are used for some purposes or assessment is simply used to fulfill formalities.
- Identifying the drawbacks in implementing the current performance evaluation system of the organization.

### **1.6. Significance of the Study**

Employees are the core assets of the organization. Hence, organizations must give due attention to this core asset because organizations success highly depend on the quality of their employees. The finding of the study therefore, will have the great input to the

human resource practitioners to gate information on the effectiveness of the current performance management system of the organization by identifying important elements that should be considered during performance planning, assessment and on the use of the evaluation results so as to make the system effective in measuring the contribution of employees. Beside this the study can also be used as an input for researchers who want to make further improvement in this area of study.

### **1.7. Scope of the study**

As an international organization pact has offices worldwide however, due to time and resource limitation the study focused on Ethiopian country office.

### **1.8. Definition of Terms**

- **PES – Performance Evaluation System**
  - Performance evaluation is an important human resources function, which provides management with a systematic basis for effectively recognizing and evaluating the present and potential capabilities of human resource.
- **IAP – Individual Accountability Plan**
  - This is an agreement reached by the appraise and the appraiser on objectives and accountabilities.
- **HRM – Human Resource Management**
  - Human resource management can be defined as a managerial philosophy, policies, procedures and practices related to the effective management of people for the purpose of facilitating the achievement of the results within an organization.
- **Annual appraisal**
  - The Annual Appraisal discussions enable a perspective to be obtained on past performance as a basis for making plans for the future.
- **Six Month Interim**
  - An effective review of performance needs to take place at least half yearly, or when the employee changes role or supervisor/line-manager.
- **Upward Feedback**

- Upward Feedback for supervisors/line-managers who manage two or more direct reports is to gather “upward feedback” from their direct reports on their leadership style and management practices.
- **One to One Coaching**
  - The purpose of regular documented one to one coaching discussions between employee and supervisor/line-manager is to discuss priorities, deadlines, progress against objectives (“what”) and behaviors (“how”), the way you’ve approached or done a specific piece of work etc.

## **1.9. Limitations of the study**

The study focused on assessing the effectiveness of the performance management system practices of Pact Ethiopia. Performance effectiveness depends on different factors but for the purpose of the study researcher focused on the following variables:-

- In performance planning process,
  - Staffs participation
  - Standards
  - Measuring Criteria
- performance Execution practice,
  - updating and coaching
  - Motivation
  - Documenting
- performance assessment manner
  - Staff participation
  - Open communication
  - Evaluation against the standard and measuring criteria
- uses of annual appraisal results
  - Administrative
  - Developmental
- Awareness level of staffs.

## **1.10. Organization of the paper**

There are five chapters in this study. The content of each chapter is summarized in the report as below.

Chapter 1 of the study presents background information, brief information of paxt Ethiopia, the problem statement, the objective and significance of the study, research questions, definition of terms, limitation & scope of the study including chapter plan.

Chapter 2 of the study covered literature review on performance appraisal/management system.

Chapter 3 deals with methodology and procedures used in this study. It encompasses introduction, study of the sample size, description of the sample subjects, research instrumentation and description of the procedures.

Chapter 4 described the finding analysis and interpretation of the study with sub topics introduction, details of respondents and general observations.

Chapter 5 highlighted the implications based on the results, it includes summary of major findings, conclusions, recommendations and finally suggestion for further research.

# CHAPTER TWO

## LITERATURE REVIEW

### **2.1. What is performance?**

According to Armstrong M., (2009) there are different views on what performance is. It can be regarded as simply the record of outcomes achieved. On an individual basis, it can be a record of the person's accomplishments. Job performance is a function of two different things: what the person accomplishes and how the person goes about doing the job. Probably all of us have encountered people who were excellent at one and fail at the other. Thus, for an organization to be successful, both behaviors and results are important (Dick Grote ,2002).

Almost all definitions given in one way or another are concerned about the same thing: behavior and result. That is why Armstrong M., (2009) said a more comprehensive view of performance is achieved if it is defined as embracing both behavior and outcomes. Thus performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. This definition of performance leads to the conclusion that when managing the performance of teams and individuals both inputs (behavior) and outputs (results) need to be considered.

### **2.2. What is performance management?**

Performance management can be described as a strategic and integrated approach to delivering sustained success to organizations that focuses on performance improvement and employee development (Armstrong M. ,2009). According to Aguinis, (2009) Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (James W. Smither and Manuel London 2009).

Performance management is a process that enables employees to perform their roles to the best of their abilities with the aim of achieving or exceeding established targets and

standards that are directly linked with the organizations objectives. It can be regarded as a strategic management technique that supports the overall business goals of the firm through linking each individual's work goals to the overall mission of the firm (David G. Collings and Geoffrey Wood 2009).

Armstrong (2001) notes that issues of accuracy and fairness in performance appraisal is one of the key research interests in the field of human resource management. Performance appraisal may be used as a means of measuring performance. The purpose of measuring performance is not to indicate only where things are not going according to plan but also to identify why things are going well so that steps can be taken to build on success. The goal of performance appraisal is to assess and summarize past performance, and develop future work performance goals and expectations. It is a process of systematically evaluating performance and providing feedback on which performance adjustments can be made.

According to Davis (1995), Performance Management is a joint process that involves both the supervisor and the employee, who identify common goal, which correlate to the higher goals of the institution. If employees are effectively appraised, then the organizations will experience increased productivity and improved quality of output. When people are treated with care, shown trust, listened to and encouraged to do better they reciprocate by being responsible and productive.

### **2.3. Why Implement Performance Management**

According to Armstrong (2009), the overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly, it is also about ensuring that the support and guidance people need to develop and improve is readily available.

The following survey '2005 e-reward survey' indicated that how the objective of Performance management differ across organization.

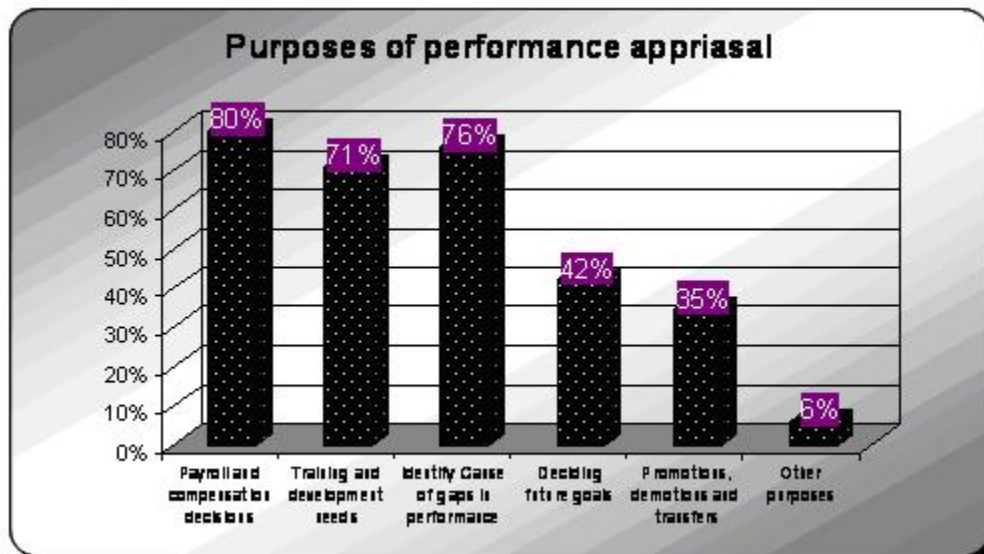
Align individual and organizational objectives	64 %
Improve organizational performance	63 %
Improve individual performance	46 %
Provide the basis for personal development	37 %
Develop a performance culture	32 %
Inform contribution/performance pay decisions	21 %

**Table 1.1 Objectives of Performance Management**

Source Armstrong 2009 pp 619

From the survey we can learn that most of the organizations believe that performance management should be designed to align individual and organizational objectives.

The purpose of performance appraisal differs from one organization to another. According to a recent survey, Routledge & Francis Group (2009), the percentage of organizations (out of the total organizations surveyed i.e. 50) using performance appraisal for the various purposes are as shown in the diagram below:



**Figure 1.1 Purpose of Performance Appraisal**

The most significant reasons of using Performance appraisal are:

- Making payroll and compensation decisions – 80%
- Training and development needs – 71%

- Identifying the gaps in desired and actual performance and its cause – 76%
- Deciding future goals and course of action – 42%
- Promotions, demotions and transfers – 49%
- Other purposes – 6% (including job analysis and providing superior support, assistance and counseling)

Conger (1998), carried out an exploratory study to review the purposes and practices of performance management. The study indicated the trend in US, as giving high focus on documentation, development and linking performance appraisals with pay and promotion purpose.

In Korea, performance appraisal is used for development and promotion purposes. In Canada it is used much less for compensation and pay. In Australia performance appraisal is used for development and promotion purposes.

In general we can say that performance management systems can serve six important purposes (Cleveland & Murphy, 1989); strategic, administrative, communication, developmental, organizational maintenance and documentation.

**Strategic:** It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.

**Administrative:** It is a source of valid and useful information for making decisions about employees, including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases.

**Communication:** It allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.

**Developmental:** It includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.

**Organizational maintenance:** It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions

(for example, whether employees perform at higher levels after participating in a training program).

**Documentation:** It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be especially useful in the case of litigation.

## **2.4. Factors Leading to Effective Performance Evaluation System**

Harper (1998) states that the outcome of performance appraisal could be a set of objectives to be achieved by individual employees. Such objectives may be concerned With immediate performance against current tasks and standards, but they might also be concerned with a variety of work and personal changes. He said that once employees are encouraged to pay attention to their progress at work then the organization must be able to respond to their medium and long term career aspirations, and the manager's role will resolve the inevitable tension that will result between individual goals and the Manager's interpretation of organization goals.

Clinton (2002) notes that formal performance evaluation programs sometimes yield disappointing results. The primary reasons includes, lack of top management information and support, unclear performance standards, rater bias, too many forms to complete, and use of the system for conflicting purposes. If the support of top management is lacking, the evaluation program will not be successful. To underscore the importance of this responsibility, top management should announce that effectiveness in evaluating subordinates is a standard by which the supervisor themselves will be evaluated. Also if the evaluation program is used for salary review and at the same time to motivate employees the administrative and development purpose will be in conflict. This might have little influence on the employees' future job performance. The content of performance evaluation influences employee performance and satisfaction specifically, performance and employees satisfaction are increased when the evaluation is based on behavioral, result oriented criteria when career issues are discussed and when the employee has the opportunity to participate in evaluation.

On the same note, lack of effective performance evaluation system leads to an increased risk of litigation, there are several other detrimental outcomes of poorly implemented systems, including employee burnout and job dissatisfaction, damaged relationships, and

increased turnover (Brown & Benson, 2005 ; Gabris & Ihrke, 2001). In addition, there is a large opportunity cost because poorly implemented systems waste time and resources, including time and money. To avoid such drawbacks in performance evaluation processes and ensure its effective implementation, the following factors that the system should positively reinforce.

- **Effective Communication:** Employees at all levels should have a clear understanding of their roles, responsibilities and what is expected of them. Feedback on performance must be given on a continuous basis.
- **Objectivity:** Assessments should be made against agreed, clearly stated targets.
- **Transparency:** There should be no “surprises”. Evaluations and decisions should be based on evidence drawn from well documented processes that can stand scrutiny.
- **Fairness:** Decisions and actions should be made and taken with due regard to changing circumstances and environment as they relate to the achievement of objectives.
- **Equitable Treatment:** All employees should be treated equally and must have equal and appropriate access to benefits, training and resources to achieve targets.
- **Mutual Respect and Trust:** Discussions about performance should be conducted with due regard to accepted principles of courtesy, respect and an understanding of each other’s roles and responsibilities.

By ensuring the proper application of the above requirements organizations should be able to build mutual trust among the different levels of the organizational structure.

Moreover, the roles and responsibilities should be clearly known, understood and applied by the different parties in an organization. The purpose here is to ensure that the obligations and expectations of employees, supervisors and managers at all levels, are known and understood. It will help people to understand the desired performance culture change required and how they can contribute to making it happen. Misunderstandings and disputes are likely to be minimized when this is understood.

## **2.5. Pre-requisites for Effective & Successful Performance Appraisal**

Boyatzis (1982) identified the basic competencies required for effective supervision or management. Among those competencies, Boyatzis (1982) included excellent

communication skills, the ability to work well with others, a high level of motivation and positive self-esteem, accurate self-assessment, logical thinking ability, and the ability to use power effectively in such tasks as planning, organizing, controlling, motivating, and coordinating. To achieve the objective of an organization, managers should set clear and precise methods of PA system. If so, effective output of PA system leads an organization to optimized the resource what it has and can be competitive and sustained in the business.

Kumar (2011) and Odiorne, (1972) identifies the essentials of an effective performance system as follows:

**Organizational Assessment and Guidance:** To make effective the appraisal program, the top management should show their support and commitment to translate the organizational goals and objectives into departmental and then personalized employee specific objectives (Odiorne, 1972).

Therefore, the appraisal program should require that appropriate organizational performance assessments should be made and communicated to rating officials, and that guidance is provided by the head of the agency or designee on how to incorporate organizational performance into the assessment process.

**Alignment::** Employee performance plans should align with organizational goals. It has to be aligned vertically and horizontally. ( Kumar ,2011)

Employee performance plans should align with and are designed to support organizational goals. This process involves clarifying the job role, job description and responsibilities – explaining how the role and responsibilities contribute to wider goals, why individual and team performance is important and just what is expected within the current planning period. Objectives developed in this way can be reflective of the organizational goals and provide linkages between employee and organizational performance (Odiorne, 1972).

**Employee Involvement:** Employees should involve in the appraisal process so that they can able to understand what is expected from them.(Kumar,2011)

**Training:** The appraisal program should require that executives, managers, supervisors, and employees receive adequate training and retraining on the performance appraisal program. In addition, supervisors must have the competencies necessary for managing performance.

Provide Training to Raters performance: Guidance and training has to be given to raters to incorporate organizational into the assessment process. Effective training programs include help in understanding how to use the forms and how to give feedback.

**Evaluation Technique:** An appropriate evaluation technique should be selected; the appraisal system should be performance based and uniform. The criteria for evaluation should be based on observable and measurable characteristics of the behavior of the employee.

**Feedback and Dialogue:** Feedback is the primary means for recognizing good performance and for redirecting behavior that needs to be improved. Feedback helps individuals to keep their behavior on target and achieve their goals (Latham and Wexley, 2001).

Therefore, the appraisal program should establish a performance feedback process that ensures a dialogue between supervisors, managers, and employees throughout the year.

**Credible measures:** According to Armstrong (2009), the criteria for reviewing performance should be balanced between: achievements in relation to objectives, the level of knowledge and skills possessed and applied, behavior in the job as it affects performance and the degree to which behavior upholds the core values of the organization.

Therefore employee performance plans should provide for balance, so that the performance plans should include appropriate measures, such as quality, quantity, timeliness, and/or cost-effectiveness, indicators of competencies, and customer perspective.

**Consequences:** The result of appraisal is used for recognizing top performers and addressing poor performance.

**Documentation:** means continuous noting and documenting the performance. It also helps the evaluators to give a proof and the basis of their ratings. The document has to be signed by both rater and rate.

In general, Grossman and Parkinson (2002) offer the following six recommendations for conducting effective performance reviews:

- Identify what the employee has done well and poorly by citing specific positive and negative behaviors,

- Solicit feedback from your employee about these behaviors,
- Listen for reactions and explanations,
- Discuss the implications of changing, or not changing, the behaviors. Positive feedback is best, but an employee must be made aware of what will happen if any poor performance continues,
- Explain to the employee how skills used in past achievements can help him or her overcome any current performance problems,
- Agree on an action plan. Encourage the employee to invest in improving his or her performance,
- Set up a meeting to follow up and agree on the behaviors, actions, and attitudes to be evaluated.

## **2.6. Performance management process**

Many of the pertinent models on performance management involve a simple four or five step process. These models tend to be based on the assertion that all work performance stems from and is driven by the corporate objectives. These are then broken into functional/departmental objectives. Individual objectives shoot out from these and all are monitored and reviewed on an ongoing basis with a formal review or appraisal conducted at least annually (David G. Collings and Geoffrey Wood 2009).

According to D. Torrington, L. Hall, and S. Taylor (2008), a typical performance management system, include both development and reward aspects, the main stages of which are: definition of business roles, planning performance, delivering and monitoring performance, and formal performance assessment.

Armstrong, (2009) described that performance management system operates as a continuous and self-renewing cycle that closely resembles the cycle of continuous improvement. It comprises four stages: plan, act, monitor, and review.

As to the contribution from Earl M A Carter and Frank A McMahon (2005), most traditional people management systems have typically concentrated only on an annual review – the lead up to the annual review and the setting of objectives/results for the coming 12 months. These events have a place in the overall system of managing the performance of people.

As noted earlier, performance management is a continuous process. However, when a system is first implemented, the process follows the following stages; Grote, 2000): pre-requisites, performance planning, performance execution, performance assessment, performance review, and performance renewal and reconstructing. Each of these stages is described next.

## **2.7. Conceptual Model**

For the purpose of this study a four-phase model identified by Dick Grote (2002) is used. According to the author her model is developed based on real experiences of performance appraisal he had over many years. Hence the model presents a comprehensive and practical guide to effective performance management system. He stated that in organizations that take performance management seriously and use the system well, the appraisal process involves four phases namely performance planning, performance execution, performance assessment, use of performance results. To enable the researcher in assessing the effectiveness of the current performance management system in part Ethiopia each of the phases are discussed at some length with the central theme of the paper *being performance planning(Standard, staff participation, measuring criteria) , execution (continuous feedback, coaching, monitoring), assessment(against the standard) and use of the system.* Discussions of the phases are as follows:

**Performance Planning:** The process by which , the manager and individual get together to discuss upon what the person will achieve over the next period (the key responsibilities of the person's job and the goals the person will work on) and how the person will do the job (the behaviors and competencies the organization expects of its members). They typically also discuss the individual's development plans. According to W. Smither and M. London (2009) performance planning is, the stage were the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done.

### **2.7.1. Performance planning**

*“Some managers object that performance planning takes too much time; these managers are wrong because that period is the most valuable time the manager spends in “people-*

*management” activities during the entire year. A minute devoted to planning prevent hours spent on correcting and responding to an anguished reaction during a performance appraisal discussion i.e., is that what you wanted me to do? Why didn’t you tell me?” (Dick Grote 2002).*

One of the primary reasons that performance appraisal discussions are so awkward is that they are conducted in a vacuum. If the manager and the individual haven’t had a good discussion about requirements and expectations, if they haven’t talked about goals, if they haven’t had a meaningful dialogue about core competencies, then it will be impossible for the manager to honestly and ethically assess how well the individual has done in meeting those undiscussed objectives.

Performance planning is the bedrock of an effective performance management system. The performance-planning discussion gives the manager the chance to talk about her/his expectations and what she/he sees as genuinely important in the individual’s job. It gives the individual a clear operating charter so that he can go about doing his job with the full certainty that he’s working on the highest priority responsibilities and operating in a way that the organization expects.

Performance planning typically involves a meeting between an appraisers and appraise.

The agenda for this meeting includes four major activities:

1. Coming to agreement on the individual’s key job responsibilities (communication)
2. Developing a common understanding of the goals and objectives that need to be achieved (expected standards and measurements)
3. Identifying the most important competencies that the individual must display in doing the job (
4. Creating an appropriate individual development plan (Dick Grote 2002). (Participation)

A clear understanding of what is expected of employee is essential. If there is no such understanding; the manager is likely to assess performance on the basis of what she/he expects of the employee, which may be very different from what the employee understood to be the job duties and responsibilities. To avoid this problem, there are two requirements that must be met. The employee must understand both *what* is expected and

*how well* the job is expected to be performed. These two requirements are called “Significant Job Segments” and “Standards of Performance” Significant job segments are obtained from job descriptions that cover the duties and responsibilities of jobs. Standards of performance are an important and often neglected element in performance appraisal. While significant job segments describe what needs to be done, standards of performance describe how well it must be done. Two of them together clarify what is expected of the employee. This clarification is necessary to guide the behavior of the employee as well as to provide a basis for appraisal (Donald L. Kirkpatrick 2006).

**According to Dick both the supervisor and the employee both have the responsibility in developing the performance planning.**

This primary responsibilities are:

- Review the organization’s mission statement, or vision and values, and the department’s goals.
- Read the individuals job description. Think about the goals and objectives the staff needs to achieve in the upcoming appraisal period.
- Identify the most important competencies that expects
- Determine what he/she consider to be fully successful performance in each area.
- Discuss and come to agreement on the most important competencies, key position responsibilities, and goals.
- Discuss and come to agreement on the employee’s development plan.

#### **2.7.1.1. Components of performance planning**

Performance planning is the process of setting performance goals in relation to the key accountabilities associated with your role. Commonly, setting performance goals involves having an understanding of your key accountabilities, setting goals in relation to these accountabilities, and deciding how you will measure the achievement of your goals (Kirkpatrick L. 2006).

According to W. Smither and M. London (2009) performance planning discussion includes a consideration of (1) results, (2), behaviors, and (3) development plan. *Results* refer to what needs to be done or the outcomes an employee must produce. A consideration of results needs to include the key accountabilities, specific objectives that the employee will achieve as part of each accountability and performance standards (yardstick) used to evaluate how well employees have achieved each objectives. A consideration of behaviors includes discussing competencies, which are measurable clusters of knowledge, skills, and attitudes (KSAs) that are critical in determining how results will be achieved. *Development plan* should include identifying areas that need improvement and setting goals to be achieved in each area. Usually development plans include both results and behaviors.

To show the difference between result and behavior Dick Grote (2002) identified that, results include actual job outputs, countable products, measurable outcomes and accomplishments, and objectives achieved. It deals with what the person achieved. Whereas behaviors include competencies, skills, expertise and proficiencies, the individual's adherence to organizational values, and the person's personal style, manner, and approach. Behaviors deal with how the person went about doing the job.

In general according to Armstrong (2009) performance planning among others include: agreement on goals/objectives, performance standards, performance measures, key result areas, and agreement on personal development needs.

### **i. Goals/objectives**

Some literatures suggested that there is a slight variation between goals and objectives but, for the purpose of this research the two terms are used interchangeably. Armstrong (2009) pointed out that Setting goals /objectives (i.e. describing what we want to achieve and how it can be achieved) is the most important activity during the performance planning and agreement stages of performance management.

Dick Grote (2002) also identified that goal setting is one of the key elements of performance planning. In addition to identifying the key responsibilities of the individual's job and the competencies or behaviors that the organization expects everyone to display, another critical element is setting appropriate goals for the upcoming year.

Setting goals produces several important results:

- It forces the identification of critical success factors in the job.
- It mobilizes individual and organizational energy.
- It forces concentration on highest priority activities.
- It increases probability of success.
- It generates increases in productivity.

## **ii. Performance standards**

Performance standards are management approved expressions of the performance threshold(s), requirement(s), or expectation(s) that employees must meet to be appraised at particular levels of performance (United States Office of Personnel Management, January 2001). Standards of performance are different from objectives. Objectives should be set for an individual, rather than for a job. Therefore, a manager who has several employees who do the same job will have one set of standards for the job but may have different objectives for each person (for mediocre or outstanding), based on that person's experience, skills, and past performance.

### **Characteristics of effective Standards**

There are eight characteristics of effective standards (*Donald L. Kirkpatrick 2006*):

- ***They are based on the job and not the person(s) in the job-*** Standards of performance should be established for the job itself regardless of who occupies the job.
- ***They are achievable-*** It means that practically all employees on the job should be able to reach the standard.
- ***They are understood-*** The standard should be clear to manager and employee alike.

- ***They are agreed on-*** Both manager and employee should agree that the standard is fair.
- ***They are as specific and as measurable as possible-*** Some people feel that standards must be specific and measurable. They insist that they must be stated in numbers, percentages, dollars, or some other form that can be quantifiably measured.
- ***They are time oriented-*** It should be clear whether the standard is to be accomplished by a specific date or whether it is ongoing.
- ***They are written-*** Both manager and employee should have a written copy of the standards that are agreed on.
- ***They are subject to change-*** Because standards should be achievable and agreed on, they should be periodically evaluated and changed if necessary.

### **iii. Performance measures**

In addition to identifying what the key responsibilities of a position are; the manager and the individual need to discuss how the person's performance will be measured and evaluated. There is a difference between output measures and outcome measures. An output is a result that can be measured quantifiably, while an outcome is a visible effect that is the result of effort but cannot necessarily be measured in quantified terms. According to Grote, (2002) there are four general measures of output: Quality, Quantity, Cost, and Timeliness. Armstrong (2009) suggested that measures of outcome include: changes in behavior; completion of work/project; acquisition and effective use of additional knowledge and skills etc.

**iv. Key performance indicators (KPIs):** define the results or outcomes that are identified as being crucial to the achievement of high performance.

### **2.7.1.2. Employee participation in performance planning**

Getting employees involved in the planning process will help them understand the goals of the

Organization, what needs to be done, why it needs to be done, and how well it should be done (Grote, 2002).

Employee participation is a very important element for successful performance evaluation systems. Employees must play a key role, participating in everything from writing job descriptions, to identifying their own goals and standards, to assessing how well they have performed. When employees are involved in goal setting, the goals they set are higher and more demanding than goals that managers set alone. Employees will push the envelope, often demanding more of themselves than the managers might demand of them. Employee participation promotes teamwork. It gives the employee and the manager a sense of working together rather than being on opposite sides of the fence. Participation in goal setting improves performance, not because participation by itself is inherently motivating, but because it provides the employee with an increased understanding of expectations and strategies for goal accomplishment (Armstrong 2009).

W. Smithers and M. London (2009) also pointed out that, employees need to have active input in the development of the job descriptions, performance standards, and the creation of the rating form.

### **2.7.1.3 Alignment and Performance Management**

Alignment is defined as the extent to which employees are similarly connected to or have a consistent line of sight to the vision and direction of the organization and its customers, often encapsulated within its current strategy (W. Smithers and M. London 2009).

The aim is to focus people on doing the right things in order to achieve a shared understanding of performance requirements throughout the organization. Thus Integration should be achieved by ensuring that everyone is aware of corporate, functional and team goals and that the objectives they agree for themselves are consistent

with those goals and will contribute in specified ways to their achievement (Armstrong 2009).

Low alignment results in waste of time and energy. When individuals (or teams or units) are not well aligned with the vision, organizational goals, or what customers need and want, extra energy is required to reach the goals because time is often diverted to low-or no-value-added activities. Furthermore it results, in frustration of individuals or teams involved, poor performance, turnover etc. because, they may feel that their efforts are not creating success.

The role of performance management in here is by cascading strategic goals down the organization, it promotes the alignment of individual objectives with organizational objectives.

To summarize, Performance planning is completed when the manager and the individual have come to an understanding (ideally, an agreement) on the individual's key job responsibilities, the goals that the person will achieve over the next year, the competencies that the organization expects of its members, and the development plans the individual will pursue (Grote, 2002).

### **2.7.2. Performance execution**

***Performance Execution:*** Over the course of the year the employee works to achieve the goals, objectives, and key responsibilities of the job. The manager provides coaching and feedback to the individual to increase the probability of success. He/she creates the conditions that motivate and resolves any performance problems that arise. (Grote, 2002)

Once the performance-planning phase has been completed, it's time to get the job done—to execute the plan. Performance execution is the second phase of an effective performance management process. For the individual, the critical responsibility in Phase II is getting the job done—achieving the objectives. For the appraiser, there are two major responsibilities: creating the conditions that motivate, and confronting and correcting any performance problems.

This is the stage where employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs. Although employees have a

primary responsibility and ownership of this process, the supervisor also needs to do his or her share of the work.

In an effective performance management system, performance execution also includes a midterm review to ensure that performance is on track. According to (Aguinis, 2009 and Grote, 2002) Once the review cycle begins, the employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process. Employee participation does not begin at the performance execution stage, however. As noted earlier, employees need to have active input in the development of the job descriptions, performance standards, and the creation of the rating form. In addition, at later stages, employees are active participants in the evaluation process in that they provide a self - assessment and the performance review interview is a two - way communication process. Although the employee has primary responsibilities for performance execution, the supervisor also needs to do his or her share of the work. Supervisors have primary responsibility over the following issues:

**Observation and documentation;** Supervisors must observe and document performance on a daily basis. It is important to keep track of examples of both good and poor performance.

**Updates;** As the organization's goals may change, it is important to update and revise initial objectives, standards, and key accountabilities (in the case of results) and competency areas (in the case of behaviors).

**Feedback;** Feedback on progression toward goals and coaching to improve performance should be provided on a regular basis, and certainly before the review cycle is over.

**Resources;** Supervisors should provide employees with resources and opportunities to participate in development activities. Thus, they should encourage (and sponsor) participation in training, classes, and special assignments. Overall, supervisors have a responsibility to ensure that the employee has the necessary supplies and funding to perform the job properly.

**Reinforcement;** Supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress toward goals.

Also, supervisors should provide feedback regarding negative performance and how to remedy the observed problem. Observation and communication are not sufficient. Performance problems must be diagnosed early and appropriate steps must be taken as soon as the problem is discovered.

### **2.7.3. Performance assessment**

Performance assessment involves evaluating just how good a job the individual has done and filling out the appraisal form. Employee performance assessments require the ability to judge performance, and good judgment is a matter of using clear standards, considering only relevant evidence, combining probabilities in their correct weight and avoiding projection (ascribing to other people one's own faults).

The manager reflects on how well the subordinate has performed over the course of the year, assembles the various forms and paperwork that the organization provides to make this assessment, and fills them out.

In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. Although many sources can be used to collect performance information (for example, peers or subordinates), in most cases the direct supervisor provides the information. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved. This is the stage of the performance management process that has received the greatest attention from I/O psychology researchers (Aguinis & Pierce, 2008; Bennett, Lance, & Woehr, 2006 ).

It is important that both the employee and the manager take ownership of the assessment process. The manager fills out his or her appraisal form, and the employee should also fill out his or her form. The fact that both parties are involved in the assessment provides good information to be used in the review phase. When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future.

Specifically, the inclusion of self - ratings helps emphasize possible discrepancies between self - views and the views that important others (that is, supervisors) have. It is the discrepancy between these two views that is most likely to trigger development efforts, particularly when feedback from the supervisor is more negative than are employee self - evaluations. The inclusion of self - appraisals is also beneficial regarding important additional factors. Self - appraisals can reduce an employee's defensiveness during an appraisal meeting and increase the employee's satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system (Shore, Adams, & Tashchian, 1998).

The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. In spite of its importance in performance management, the appraisal meeting is often regarded as the "Achilles' heel of the entire process" (Kikoski, 1999). This is because many managers are uncomfortable providing performance feedback, particularly when performance is deficient (Ghorpade & Chen, 1995). This high level of discomfort, which often translates into anxiety and the avoidance of the appraisal interview, can be mitigated through training those responsible for providing feedback. Providing feedback in an effective manner is extremely important because it leads not only to performance improvement but also to employee satisfaction with the system.

**Similar to the other staged supervisor and employee have a responsibly in performance assessment**

- Review the original list of competencies, goals, objectives, and key position responsibilities.
- Prepare a preliminary assessment of the employee's performance over the entire year.
- Preparing and reviewing list of accomplishments and the self-appraisal.
- Prepare your final assessment of the employee's performance.

- Write the official performance appraisal using the appraisal form.
- Review the appraisal with your manager and obtain concurrence.
- Determine any revisions needed to the employees key position responsibilities, goals, objectives, competencies, and development plans for the next appraisal period.
- Prepare for the performance review meeting.

#### **2.7.4. Methods of employee performance rating**

Virtually all performance rating systems can be grouped into one of two general categories: *absolute* and *relative*. Absolute systems such as behaviorally anchored rating scales, weighted checklists, and behavioral observation scales involve making judgments about people in relation to descriptions of job – related behaviors and/or traits. Under such systems, all individuals are independently assessed against the same standards, and it is conceivable that multiple individuals could attain essentially the same rating in relation to either specific behaviors and traits or overall performance.

Relative rating approaches require raters to assess individuals in relation to one another. The criteria used for making those comparisons might (and typically does) include job - related behaviors and traits, but rates' assessment results are determined by where they are positioned in relation to others in a given peer group. In other words, the main objective is not just to determine whether a particular person is a highly effective, adequate, or poor performer but to be able to say who is best, who is next best, right on down, in some cases, to who is worst (W.Smither and M.London, 2009).

Although different authors F. Cascio and H. Aguinis, (2005) identified different categories (objective/subjective, traditional /modern) and the corresponding sub-techniques of appraisal.

### **2.7.5. Problems encountered during performance assessment/rating error**

Rating errors are mistakes in judgment that result from allowing extraneous factors to influence our decisions about the quality of someone's job performance. Armstrong (2009) in his performance management hand book listed the following rating errors.

- **Contrast effect:** the tendency of a rater to evaluate people in comparison with other individuals rather than against the standards for the job.
- **First impression error:** The tendency of a manager to make an initial positive or negative judgment of an employee and allow that first impression to color or distort later information.
- **Halo or horns effect:** Inappropriate generalizations from one aspect of an individual's performance to all areas of that person's performance.
- **Similar-to-me effect:** The tendency of individuals to rate people who resemble themselves more highly than they rate others.
- **Central tendency:** The inclination to rate people in the middle of the scale even when their performance clearly warrants a substantially higher or lower rating.
- **Negative and positive skew:** The opposite of central tendency: the rating of all individuals as higher as or lower than their performance actually warrants.
- **Attribution bias:** The tendency to attribute performance failings to factors under the control of the individual and performance successes to external causes.
- **Stereotyping:** The tendency to generalize across groups and ignore individual differences.

Because objective measures of performance are not always available, subjective errors are inherent in performance evaluation. There is no easy, practical solution to such problems associated with ratings. However one approach to minimize the problem is, to ask supervisors to share, discuss, and justify their ratings of employees with others (for example, the supervisor's manager or a panel of peers). This approach might help

calibrate ratings made by different supervisors and lessen unjustifiable leniency in ratings.

### **2.7.6. The uses of performance evaluation**

Grote, (2002) identified the following benefits:

***Providing Feedback-*** Providing feedback is the most common justification for an organization to have a performance appraisal system. The employees learn how well they did the task over the past and then use that information to improve their performance in the future.

***Facilitating Promotion Decision-*** Performance appraisal makes it easier for the organization to make good decisions about making sure that the most important positions are filled by the most capable individuals.

***Facilitating Layoff or Downsizing Decision-*** when economic realities force an organization to downsize, performance appraisal helps make sure that the most talented individuals are retained and that only the organization's marginal performers are cut loose.

***Encouraging Performance Improvement-*** A good performance appraisal points out areas where individuals need to improve their performance.

***Motivating Superior Performance-*** Performance appraisal motivates people to deliver superior performance by helping them learn what the organization considers to be superior, and to demonstrate their actual performance.

***Setting and Measuring Goals-*** The performance appraisal process is commonly used to make sure that every member of the organization sets and achieves effective goals.

***Counseling Poor Performers-*** Performance appraisal forces managers to confront those whose performance is not meeting the company's expectations.

***Determining Compensation Changes-*** Performance appraisal provides the mechanism to make sure that those who do better work receive more pay.

***Encouraging Coaching and Mentoring-*** Performance appraisal identifies the areas where coaching is necessary and encourages managers to take an active coaching role.

***Supporting Manpower Planning-*** Performance appraisal gives companies the tool they need to make sure that they have the intellectual horsepower required for the future.

***Determining Individual Training and Development Needs-*** If the performance appraisal procedure includes a requirement that individual development plans be determined and discussed, individuals can then make good decisions about the skills and competencies they need to acquire to make a greater contribution to the company.

***Determining Organizational Training and Development Need-*** By reviewing the data from performance appraisals, training and development professionals can make good decisions about where the organization should concentrate company-wide training efforts.

***Validating Hiring Decisions-*** Only when the performance of newly hired individuals is assessed can the company learn whether it is hiring the right people.

***Providing Legal Defensibility for Personnel Decisions-*** A solid record of performance appraisals greatly facilitates legal defensibility when a complaint about discrimination is made.

***Improving Overall Organizational Performance-*** A performance appraisal procedure allows the organization to communicate performance expectations to every member of the team and assess exactly how well each person is doing. When everyone is clear on the expectations and knows exactly how he is performing against them, this will result in an overall improvement in organizational success.

# CHAPTER THREE

## RESEARCH DESIGN AND METHOD

The overall objective of the study was primarily measuring the effectiveness of performance evaluation system in the cases of pact Ethiopia. . To this end, this chapter consists of descriptive research design, data sources and type, target population, data collection method, and data analysis presented below.

### **3.1 Research design**

Kothari C.R. (2004) identified that to describe the characteristics of a particular Phenomenon, descriptive research is preferable. It is concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation. According to (Best 1970), cited in Louis Cohen et al. (2007) descriptive research is concerned with: conditions or relationships that exist, practices that prevail, beliefs, points of views, or attitudes that are held, processes that are going on, effects that are being felt, or trends that are developing. Therefore, to describe the effectiveness of the current practices of performance management of pact Ethiopia, descriptive research design was employed for this study.

### **3.2. Data type and source**

For the purpose of this study, relevant information was collected from primary and secondary sources. Secondary data source comprises: employs pact performance management guideline, books, reputable journals, online international papers, and other pertinent sources. Primary data was collected through questionnaire and interview from staffs.

### **3.3 Target population**

#### **3.3.1 Census**

For this study, the researcher used census method because the total number of population was small.

### **3.3.2 Population size**

A total of 93 employees are found in fact Ethiopia among them; 25 employees belongs to managerial level and 68 employees belongs to staffs who do not have supervisory role. Since the number of total population is small researcher will study the entire population. For interview purpose; All Directors (one country director, one Admin and HR director, and one Finance and Grand unit director, two program directors) were participated to acquire in-depth information from those who are in a position to give it.

### **3.4 Data collection methods or instruments**

The data collection methods were face to face or telephone interview, reviewing manuals and Questionnaire. Questionnaires were emailed to staffs to fill on line that enhance efficiency and effectiveness in collecting, processing and analyzing the data. The Questionnaire was classified into two types of rating scales, five point liker scale and open ended question. The researcher also conducted semi structured interview with directors to triangulate the data.

The questioner has Seven sections; Section A: details of respondents, Section B: information about planning to evaluate standard setting processes and employees participation in goal setting, section C: will focus on frequent employee supervisor communication regarding the progress of the job and problem solving activity Section D: issues about the practice of performance assessment and appraisal, Section E: Assessment about staffs awareness regarding performance management system, , Section F: about the uses of performance appraisal, Section G: about problems in the current performance appraisal system.

### **3.5. Data analysis method**

After collecting all pertinent information about the issues under investigation, the data was organized, classified and tabulated in understandable form for the reader. After editing and making the necessary data cleaning, descriptive statistics was employed used

to describe the data like using as frequency distribution, percentage, mean, standard deviation and graphs.

### **3.6. Validation of data collection instruments**

As an attempt to use valid and reliable instrument of data collection, the questionnaire was compiled from different sources: from book (Michael Armstrong 2009, and Dick Grote 2002); and from pre tested MBA questioners (Hunbelew G/Tsadik 2012); by making a minor modification to adapt it to the situation under investigation. Also, Pre-tests session with twenty employees was conducted to see whether the questions are clear and detecting any faults prior to the actual data collection process. To further refines the accuracy of the instrument, necessary adjustment was made based on the invaluable comments of the research advisor and obtained from employees used for pretest.

### **3.7. Description of the Procedures and Ethical Consideration.**

During data collection the researcher tried as much as possible to respect the basic rights and safety issues related with respondents while taking part in this study. The researcher again try to create smooth relationship with respondents and provide full information on why the study was being conducted, how it has been conducted, what was expected of them and what the researcher has to do with the data they will provided to get their consent. With this being handled properly the researcher will be able to avoid issues related with procedural, practical and relational ethics.

Names or any identifiable information from respondents were not taken as a way of ensuring the ethical principle of anonymity in social research to prevent possible doubt. The respondents were informed that all answers will remain and treated in a confidential manner and will be used for the purpose of this study only and their participation was voluntary and as such they could opt out at any stage of the research process.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

This chapter deals with a detailed presentation and analysis of the data. To collect the data required for the purpose of the study, a total number of 93 questionnaires were distributed. Out of these 13(14%) of them were not returned. Therefore, the analysis presented hereafter is based on the responses of 80(86%) respondents.

#### 4.1 Profile of the study participants

As can be seen from table 1 below, around 5 percent of the participants were Directors, 12.5 percent Managers, and round 73.5 percent were staffs with non-supervisory role in the organization. The rest were middle level supervisors. The sex distribution of the respondents' shows that men respondents constitute the majority of the study that counts (66%). Most of the respondents were in the age category of 36-45 constituting 46 percent of the study participants, followed by the age category of 25-35(37.5%) and 46-60(13%). Hence, one can infer that majority of the respondents were men, non-supervisors, and middle aged.

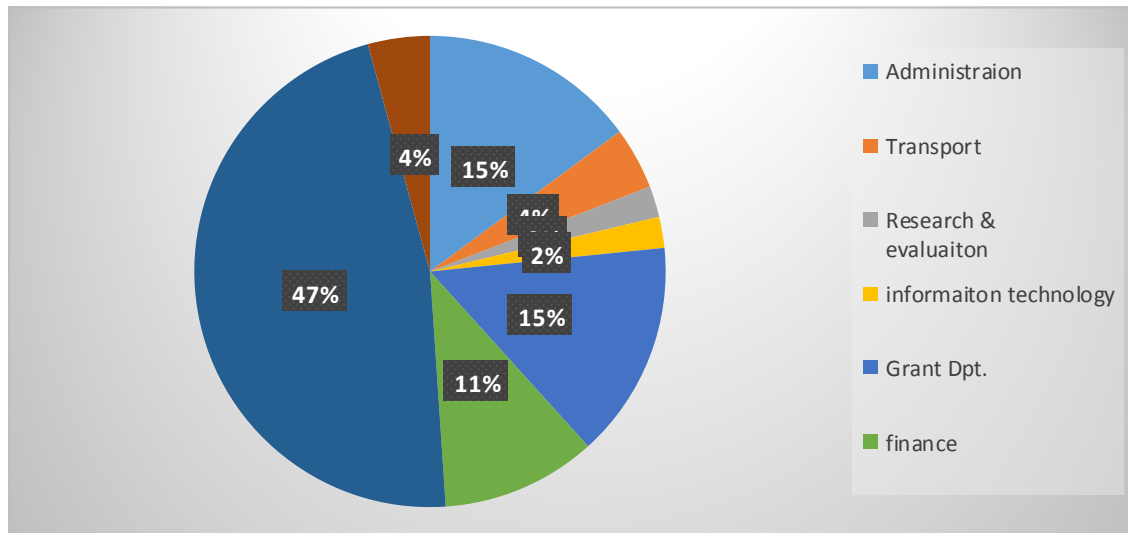
**Table 4. 1. Respondents by sex, age and position**

Items	Alternatives	Count	Percent
sex	Female	27	34.0%
	Male	53	66.0%
position	Director	4	5 %
	Manager	10	12.5 %
	Supervisor	7	8.75%
	Non-supervisor	59	73.75%
age	Under 25	2	2.5%
	25-35	30	37.5%
	36-45	37	46.25%
	46-60	11	13.75%
	60-65	0	0.0%

The respondent's composition reflects all the units under Pact Ethiopia office. Staffs from administration, transport, research and evaluation (MERL) information technology, grants management, finance and program units participated in the study as sources of information in the analysis of the effectiveness of performance evaluation processes and

challenges. Besides, See figure 1 below for the distribution of the study participants by department.

**Figure 4. 1. Participants by department**



Source: Owen Survey, April 2015

As can be inferred from the age structure of the study participant’s profile, most of the study participants have moderate work experience. For the purpose of the study, it was only the employee’s years of service at Pact Ethiopia that was assessed to determine their familiarity with the system. Accordingly, as table 4.2 indicates it was found out that, around 73 percent of the respondents have served at Pact for at least three years while around 10 percent have a service of more than a decade. On the other hand, around 20 percent have years of service less than two years.

**Table 4.2. Participants year of service and educational level**

Item	alternative	Count	Percent
Years of service	< 2 years	16	20%
	3-5 years	48	60%
	6-10 years	10	12.5%
	above 10	6	10.4%
Study participants by level of education	High school graduate	6	7.5%
	Technical school graduate	4	5%
	College diploma	5	6.25%
	First degree	28	35.%
	MA/MSC	37	46.25%
	PHD	0	0.0%

The educational background of most of the study participants was found to be first and second degree. While around 46 percent of the employees participated in the study have

masters of arts/science, around 35 percent have first degree. The rest of the participants were with educational level of diploma 6 percent, technical school graduate 5 percent and high school graduate 7.5 percent. Therefore, their educational level is adequate to discharge their duties.

## 4.2 Performance planning

The second part is about performance planning where employees and supervisors meet to discuss and agreed up on what to be done, how it has to be done. Hence, in this section some variables which determines the effectiveness of the performance planning processes are evaluated this are: - The existence to which employee participation in goal setting process, clarity on key role and performance expectation last but not least agreement on measurement criteria's and other related variables were analyzed. For the purpose of reporting the findings each values were counted and put in percentage. Moreover, for some tables mean scores were calculated. In this case, for the purpose of interpretation the mean of the values of the scale was used as a reference point and the values below the reference point represent negative response and the values above the point shows positive response.

**Table 4.3 : Participation in goal setting performance planning processes**

S	Item	Fr	1*	2*	3*	4*	5*	Total	Mean
1	I have never participated in performance planning process.	M	17	20	1	8	7	80	2.24
		F	10	13	1	2	1		
		%	33.75	41.25	2.50	12.50	10.00	100	
1	In my organization goal setting process is carried out jointly by the employees and their immediate supervisor	M	8	7	6	25	7	80	3.56
		F	0	1	2	15	9		
		%	10	11.25	10	50	18.75	100	
2	My supervisor gives me a chance to participate in performance planning (agreeing on goals and objectives needs to be achieved and measurement standards	M	6	7	8	22	10	80	3.65
		F	1	2	1	13	10		
		%	8.75	11.25	11.25	43.75	25.00	100	
4	My supervisor don't participate in my performance planning process.	M	12	25	4	6	6	80	2.21
		F	10	13	1	2	1		
		%	28.75	47.50	6.25	8.75	8.75	100	
5	The appraisal program require employee involvement in the development of the employee's performance plan	M	7	12	5	20	9	80	3.5
		F	2	1	1	13	10		
		%	11.25	16.25	7.5	41.25	23.75	100	

\*SD=Strongly Disagree (1), D= Disagree(2), N= Nether agree or disagree (3), A= Agree (4), SA= Strongly agree (5)

To examine the role of employees in goal setting process and their participation in performance planning, respondents were asked to indicate their level of agreement regarding the extent to which goal setting process is carried out jointly by the employees and their supervisors and the degree of their participation in performance planning. With respect to joint goal setting process as table 4.3 indicates, 68.75% of the respondents agreed that there is a joint goal setting process in the organization, 10.1% were indifferent, and the rest 21.25% replied that goals are not set jointly. According to the literature if goal setting is not a part of the performance management process, it will result in spending time on activities that don't generate a lot of return. Thus, participating employees in goal setting will improve their performance. This is because; it provides them with an increased understanding of the expectations and strategies for goal accomplishment.

Within the same table item 2 was regarding participation in performance planning. Accordingly, the majority 68.75% agreed that they participate in performance planning, 11.5% were neutral, and the 19% indicated that they were not given opportunity to participate in performance planning.

Most of the study participants (around 65 percent) described as the appraisal procedure require employee's involvement in the development of the employee's performance plan. The response of the study participants about the practice shows as the process is more of participatory. Furthermore, around 76% of the respondents expressed that their supervisors participate in the performance planning process, in connection to this, 6.5% percent of the respondents remained neutral while around 17.5 percent of the respondents reported as their supervisors do not participate in the performance planning process. When we see the overall rating females are highly participate in performance planning. According to the literature performance planning is not an exclusive activity of the supervisors rather, it is a process by which the manager and individual get together to discuss upon what the person will achieve over the next period and how the person will do the job. As we can see from the respondents response most of the employee practice the processes. In search of additional evidences about the issue of participation in performance planning interviewees were asked a question whether staffs participate in performance planning or not. The result also shows that majority of them take part at this

stage. What can be said from item one, two and Five is that since the mean score 3.56, 3.65 and 3.5 respectively are more than the expected mean score (3) of the scale it shows that more than average respondents belied that they will participate in performance planning process. Where us when we see item 3 and 4 it also shows us positive response. In other words, it means that the organization follows participatory leadership approach that in turn results a sense of belongingness.

**Table 4.4 Clarify job role and agreement on performance expectations**

S. N	Item		1*	2*	3*	4*	5*	Total	Mea n x
1	I am clear on what my key job responsibilities are.	C	4	7	4	35	30	80	4
		%	5.00	8.75	5.00	43.75	37.50	100	
2	My supervisor clearly explains to me what he or she expects from my performance and basic requirements.	C	25	28	10	10	7	80	2.35
		%	31.25	35	12.5	12.5	8.75	100	
3	Identifying the most important competencies that is expected from me to demonstrate in performing the job.	C	8	33	6	25	8	80	2.9
		%	10.00	41.2	7.50	31.25	10.00	100	

\*SD=Strongly Disagree (1), D= Disagree(2), N= Nether agree or disagree (3), A= Agree (4), SA= Strongly agree (5)

Clarity in job role and agreement on performance expectation is also another variable which determines effective performance planning. In relation to this, the study participants were asked if they are clear with their roles and responsibilities. Around 80 percent of the staff who participated in the study reported as they know their roles and responsibilities very clearly while around 13 percent indicated as they are not clear with their responsibilities. Employees understanding of their main responsibilities are very essential in avoiding confusions and help employees focus on key activities rather than wasting time and energy on trivial activities. So, this is one indicator that the organization is implementing as per it expects to do.

On the same table to assess the attempts made by the supervisors in explaining their performance expectations, employees were asked to indicate their level of agreement on whether supervisors clearly communicate their performance expectations to each employee. As a result, 21.25% agreed that supervisors explained their expectations, 10 %

remained neutral and the majority 66.25% replied that their supervisors didn't explain what he /she expects from them. Responses of relatively large employees were negative which might refers to the practice that supervisors usually do. Performance expectations of the organization as whole should be equally communicated to all employees.

On the other hand , 51 percent of the study participants indicated as during performance planning they don't discuss the basic competencies needs to be demonstrate while performing their task 41% do have agreed on the basic competences the remaining 7.5% are neutral. We can said that except item one the mean score is less than 3.00 it shows that more than average respondents belied that they are not clear about competencies expected form them to do their tasks effectively. So performance expectations of the organization as whole should be equally communicated to all employees.

**Table 4.5 Agreement on measuring standards and criteria.**

S.No	Item		1*	2*	3*	4*	5*	Total	Mean
1	My supervisor reached an agreement with me on how my performance will be measured.	C	15	25	9	16	15	80	2.9
		%	18.75	31.25	11.25	20.00	18.75	100	
2	My supervisor clearly explains to me on the standard that will be used to evaluate my work.	C	15	29	7	19	10	80	2.75
		%	18.75	36.25	8.75	23.75	12.50	100	
3	My department's performance plan indicates success criteria (The individual and the manager will know how desired results have been achieved)	C	15	25	10	20	10	80	2.81
		%	18.75	31.25	12.50	25.00	12.50	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= strongly agree

Participants of the study were also asked whether they reached an agreement with their supervisors on how their performance was measured (evaluated) accordingly 50.25% of the respondents replayed that they didn't agreed up on how their performance was measured, 11.25% remained neutral, and the remaining 38.75% replied they were agreed up on how their performance was measured. However, to have a sound evaluation discussed, in the literature Substantive due process is concerned with the objectivity of the criteria i.e. they should be consistent with the institutional requirement, communicated well, uniformly applied, and developed in cooperation with employees. But, the employee's response indicates that, the evaluation procedure is against the

standard. So Clarification of performance standards to employees is necessary to guide the behavior of the employee as well as to provide a basis for appraisal.

Item two in the same table is about whether the performance evaluation standards were communicated to employees. In this regard, 36.2% of the respondents agreed that their supervisors explained the evaluation standards, 8.75% were indifferent, and 55% negatively replied i.e. the evaluation standards were not communicated to them. Clarification of performance standards to employees is necessary to guide the behavior of the employee as well as to provide a basis for appraisal. But, the organization is lacking this element.

Item three was designed to reveal whether departments have a success criterion (KRI) that helps them to keep track of the desired results and behaviors. As shown on the table, 50% replied that success criteria were not indicated, 12.5% were indifferent and 37.5% replied that success criteria were indicated in performance planning of their department. At this point the mean score of all items are below average so respondents belied that they do not agree on the measuring standards and criteria. An effective performance management program should assist in the establishment of key result indicators. This is because; they are the basis of performance monitoring and measurement system.

### **4.3 performance execution**

Performance execution is the second phase of an effective performance agreement process. For the individual, the critical responsibility in this phase is getting the job done, achieving the agreed objective. For the appraiser, there are two major responsibilities: creating the conditions that motivate, give feedback, confronting and correcting any performance problems. In view of this, this section evaluates the major variables which determine its effectiveness. These are coaching and updating, feedback and motivation and documentation and them measuring its practice against the guideline.

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**Table 4.6 Coaching and updating**

S.No	Item		1	2	3	4	5	Total	Mean x
1	I am always updated my organization as conditions change and revise our objectives accordingly.	C	5	43	14	12	6	80	2.64
		%	6.25	53.75	17.50	15.00	7.50	100	
2	While you have a problem in performing your task you will get adequate guidance and coaching to solve your problem.	C	23	17	12	17	11	80	2.7
		%	28.75	21.25	15.00	21.25	13.75	100	
3	My organization try to improve/address problems that affects my performance.	C	14	30	17	13	6	80	2.58
		%	17.50	37.50	21.25	16.25	7.50	100	
4	Staffs actively participate in the midterm review meeting in order to update objectives as conditions changed and reinforcing effective behavior.	C	7	35	10	20	8	80	2.84
		%	8.75	43.75	12.50	25.00	10.00	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

As changes are introduced in the objectives and targets of the organization, the change needs to be cascaded to each level of operation so as to align the overall operation to the desired direction. In addition supervisors expected to coach employees whenever they faced a problem which hinders their day to day activity. Accordingly, these two variables were assessed focusing on the degree to which the employees are kept updated about changes in the organization and adjustment of plans and level of coaching only 22% of the respondents reported as they are updated about changes in the organization. These people also expressed as they revise their objectives accordingly. Yet, around 60% of the respondents indicated as they are not updated on emerging issues and organizational changes; resulting in failure to review performance plans and criteria. Furthermore, only around 28 percent of the staff that participated in the study mentioned as they participate in review meetings that are aimed at reviewing progress and objectives as well as reinforcing effective behaviors. In addition, respondents were asked to indicate their level of agreement regarding getting proper guidance/coaching whenever they need it while performing their task according 35% of them agreed that they have got adequate guidance whereas 50% of them do not get adequate coaching from their supervisor the rest remain neutral. Beside this respondents also asked to level their agreement regarding the organization readiness to solve a problem they might face while doing their jobs accordingly only 23.75 % of them are agreed that they got support but the majority of them do not agree with the idea i.e. 53%. In this regard when we see the practice

it is not consistent with the general guideline of the organization. When we see the mean score of the items it is below average which means that respondents do not believe that they have got proper coaching and updating to do their tasks effectively. This has to be improved by cascading the changes to each level of operation so as to align the overall operation to the desired direction. Subsequently, provision of technical support through mentoring and coaching as well as facilitating conducive working environment with the objective of addressing performance shortcomings is the most important activity of every supervisor.

**Table 4.7 proper feedback**

S.No.	Item		1*	2*	3*	4*	5*	Total	Mean x
1	The performance appraisal processes encourages providing routine and ongoing feedback regarding staffs performance.	C	15	28	7	20	10	80	2.77
		%	18.75	35.00	8.75	25.00	12.50	100	
2	I can communicate openly with my appraiser on my job progress and any problems encountered.	C	12	28	5	23	12	80	2.93
		%	15.0	35.00	6.25	28.75	15.00	100	
3	The performance appraisal system encourages/demands every supervisor/staffs to keep track of achievements and accomplishments.	C	11	14	30	17	8	80	2.96
		%	13.75	17.50	37.50	21.25	10.00	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

As literature indicated that performance evaluation in an ongoing process and every supervisor needs to give ongoing and continuous feedback and recognition for remarkable achievements as well as on areas that needs improvement rather than waiting till the end of the physical year. Likewise, , to assess this issue staffs were requested to give their response, accordingly 53.75% of percent of the study participants reported as they do not get feed backs form their supervisors whereas 37.5% of them agreed that they have got ongoing and routine feedback. In addition to this staffs also asked to rate is the system encourages/demands every staff to keep track of achievements and accomplishments? Accordingly the majority of the respondents 37.5% of them are neutral and almost Constanta number of participants around 31.25% of them was agreed and same number of respondents disagrees. Furthermore, staffs also asked whether they can communicated openly with their supervisor on job progress and any problems encountered 50% of them do not communicate open. Here also, when we see the mean

score of the items, all are below average which indicates that the organization didn't consider the importance of feedback actually some supervisors properly discharge their responsibility however; it has to be done uniformly across the board to encourage good performance.

**Table 4. 8 Motivation**

S.No	Item		1*	2*	3*	4*	5*	Total	Mean x
1	Your supervisor gives you a recognition on your remarkable achievements.	C	18	20	12	20	10	80	2.8
		%	22.50	25.00	15.00	25.00	12.50	100	
2	Your supervisor gives you immediate feedback on your drawbacks.	C	20	19	13	16	12	80	2.72
		%	25.00	23.75	16.25	20.00	15.00	100	
3	You perform your duty with full autonomy and freedom.	C	8	5	6	35	26	80	3.82
		%	10.00	6.25	7.50	43.75	32.50	100	
4	The organization creates an opportunity for achievement and accomplishment.	C	17	20	11	22	10	80	2.85
		%	21.25	25.00	13.75	27.50	12.50	100	
5	The organization Provide opportunities for learning and growth.	C	3	11	13	32	21	80	3.71
		%	3.75	13.75	16.25	40.00	26.25	100	
6	You are satisfied with your involvement in decisions that affect your work.	C	7	8	21	32	12	80	3.43
		%	8.75	10	26.25	40	15	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

Workers who feel they are free to make choices in the workplace, and be held accountable for them, are happier and more productive than employees who are more restricted, in view of this Around 76.5 percent of the study participants speak as they perform their duty with full autonomy and freedom while 46 percent of the study participants describes as the organization do not creates opportunities for achievement and accomplishment. In addition, in contrast, 66.25 % of the respondents believe that the organization provide opportunity for learning and growth which help employees to improve their performance. On the other hand, around 55 % of the respondents expressed as they are satisfied by their involvement in the decision making processes that affect their work (goal setting). Beside this giving feedback is one mechanism to motivate employees. So as to evaluated this employees were asked about the feedback they have got from their supervisors accordingly 47.5% and 48.7% of them do not get either positive or negative feedback to their achievements and drawbacks respectively. Whereas 16% and 15% of them are neutral. The remaining i.e.37.5 and 35% of them are declared that their supervisor give them proper feedback and this motivated them. What

can be said from item three, five and six is that since the mean score 3.82,3.71 and 3.43 respectively are more than the expected mean score (3) of the scale it shows that more than average respondents believed that they are motivated by involving on the decision that affects their duty and more over they can perform their duties with full autonomy and get opportunity for learning were as, on item one, two and four the mean score is below average which shows that respondents do not believe that they do have proper recognition and immediate feedbacks on their performance. As literature showed that timely feedback improves performance as well as motivate employees in this regard the organization needs to improve its practice.

#### **4.4 performance assessment**

It is the 3rd phase of an effective performance appraisal system. Basically it is a process of evaluation the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. It is about evaluating the extent to which the goals stated in the performance planning stage have been achieved. Therefore, the analysis under this part is concerned with the practices of performance assessment in the organization to grasp important information that enable the researcher to examine some variables that are basis of employee evaluation i.e. is evaluation as per the agreed standard, communication and documentation.

**Table 4.9: Evaluation as per the agreed standard**

S.No.	Item		1*	2*	3*	4*	5*	Total	Mean x
1	My performance was measured based on the agreed standards and objectives.	C	20	30	10	12	8	80	2.48
		%	25	37.5	12.5	15	8.00	100	
2	The criteria's for evaluation is based on observable and measurable characteristics of the behavior of the employee.	C	6	34	8	22	10	80	2.95
		%	7.50	42.50	10.00	27.50	12.50	100	
3	My performance rating is based on how well do my work.	C	18	27	5	23	7	80	2.68
		%	22.50	33.75	6.25	28.75	8.75	100	
4	My performance rating is based on how much work I do.	C	20	26	5	17	8	80	2.44
		%	25	22.5	6.25	21.25	10.00	100	
5	The performance rating I received was very accurate and realistic	C	11	31	13	18	7	80	2.73
		%	13.75	38.75	16.25	22.50	8.75	100	
6	Rates give performance ratings that reflect in part their personal like or dislike of employees.	C	11	12	10	27	20	80	3.41
		%	13.75	15.00	12.5	33.75	25	100	
7	My performance evaluation is done without considering the agreed standards.	C	10	16	4	30	20	80	3.43
		%	12.5	20.00	5.00	37.50	25	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

Setting criteria and standards is a key element of the performance management system. Yet, sound criteria and standards are nothing if not properly utilized in the performance appraisal for which they had been created. In looking at the degree to which the performance criteria and standards are used in the performance appraisal, participants were asked about the basis of the appraisal, the objectivity of the appraisal process and factors that influence the rating other than the set criteria and standards.

Item one of table 4.9 indicated that 23% of the respondents replied that their performance assessment was based on the joint agreement they reached with their supervisors, 12.5% were indifferent, and 62.5% replied that assessment is made based on the things that they didn't agreed jointly with their supervisors. So it becomes difficult for supervisor to rate the performances.

Item two is about whether the criteria's for evaluation is based on observable and measurable characteristics of the behavior of the employee. Out of the total participants

50.2%, 10.3%, 40.5% replied disagree, neutral, and agree with the statements respectively. Item three and four on the above table were aimed to highlight whether employee's assessment takes into account the quality and quantity of task accomplishment. Item one shows that 56.25% responded rating is not based on how well work is done, 6.25% remained indifferent, and the rest 37.5% acknowledged that performance rating is based on how well work is done. With respect to the quantity of work accomplishment, 47.5% claimed performance rating does not consider the quantity of work done, 6.25 were neutral and 31.25% affirmed that performance rating considers the quantity of work done. In this regard, literatures also suggested that, performance assessment requires to consider both behavior and result. For quantifiable results we have to assess both quality and quantity. For those that cannot be quantified, outcome measure like changes in behavior; acquisition and effective use of additional knowledge and skills have to be assessed. However, due to lack of setting expectation and updating major changes it is difficult to measure both quality and quantity of jobs done. So both the supervisor and the employee should agree on the performance expectation and measuring criteria at the planning stage. Beside, performance expectations of the organization as a whole should be equally communicated to all employees.

In addition to the above points, the majority of the respondents, 52.5 percent also think that the performance rating they had got lacks accurate and realistic; and a reflection of their performance. On the other hand, around 58.75 percent of the respondents mentioned as performance rating is affected by the personal likes and dislikes of the employees by the raters as well as by the quality of interpersonal relationships that they have with their supervisor. Yet, 12.5% of the respondents are neutral in this regard and reported that the role of personal relationships including the personal likes and dislikes of raters does/does not play a role in the appraisal process. In addition to that 28.5 percent of the study participants think the performance rating is not consistent and fair. In general, the overall mean score shows below average result except item six and i.e. the mean score of 3.41, 3.43 respectively which is than the expected mean score (3) of the scale it shows that more than average respondents belied that their assessment is influenced by personal like and dislike of supervisor and assessments are done without the agreed standard. Hence, one can infer that there is injustice practice of performance rating that in turn results lack trustworthiness of employees on the organization.

In addition to the above points, to get some additional information, staff evaluation forms were reviewed as a secondary source. The contents of the form depend on individual work plan whereas on behavior competency part, the terms and criteria's seem very vague and difficult to interpret. Therefore, the organization has to clarify the criteria for employees to create mutual understanding.

**Table 4.10: Practice of Communication**

S.No	Item		1*	2*	3*	4*	5*	Total	Mean x
1	I always submit my work accomplishments and achievements as per the schedule	C	20	18	4	20	18	80	2.98
		%	25.00	22.50	5.00	25.00	22.50	100	
1	The result of the appraisal is communicated and discussed with the employees on one to one basis.	C	9	31	12	15	13	80	2.93
		%	11.25	38.75	15.00	18.75	16.25	100	
2	Staff discuss their performance problem areas openly during performance appraisal.	C	8	33	20	12	7	80	2.71
		%	10.00	41.25	25.00	15.00	8.75	100	
3	My organization ensure timely completion of performance reviews of staffs.	C	9	10	46	10	5	80	3.21
		%	11.25	12.50	57.50	12.5	6.25	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

To evaluate the degree of upward and downward communication participants were asked to rate their agreement on timely submission of their individual work accomplishment and achievements as per the schedule accordingly 47.5 % of them agree that they submitted their individual assessment on time and the same % of participants don't agree on it. In addition, a higher proportion 51.5% of the staffs who participated in the study reported that the staffs do not discuss performance problem areas openly during personal appraisal. It was only around 23.75 percent of the respondents that expressed they openly discuss on performance problem areas. 35 percent of the respondents mentioned as the appraisal results are communicated and discussed with employees on one to one bases where as 50% of them do not agree on this point and the remaining are neutral. More over as to the responses of the staff participated in the study majority i.e. 57.5% of the staffs are neutral on the question which measures organization dedication on timely completion of performance review of staffs. This shows that there is a gap in communication, which is the basic tool for performance evaluation processes, the mean

results also shows that it is below average which means that, most supervisor do not implement the policy properly hence, there is lack of consistency in implementing the guideline. So the organization should improve this gap through intensive training.

**Table 4.11 Documentation**

S.No	Item		1*	2*	3*	4*	5*	Total	Mean x
1	The organization has a system for continuous noting and documenting the performance.	C	16	25	11	18	10	80	2.76
		%	20.00	31.25	13.75	22.50	12.50	100	
2	The performance appraisal system encourages/demands every supervisor/staffs to keep track of achievements and accomplishments	C	11	14	30	17	8	80	2.96
		%	13.75	17.50	37.50	21.25	10	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

To assess the process of documentation for decision making purpose staffs were requested about performance results documentation. Accordingly, 37% of them reported that they are neutral and 31.25% of them are acknowledged that the performance appraisal system requires supervisors to keep track of achievements and accomplishments the remaining 31.25%. Beside this 51.25% of the respondents indicated as the organization does not have a system for continuously noting and documenting performance and lack of appropriate documentation around 34% of the respondents don't support it and declared that the organization has a system for continuous noting and documenting the performance results. What can be said from the above items that the mean score shows below average results, which means that majority of the respondents believed that there is no proper documentation.

#### **4.5 Uses of performance appraisal results**

Results of Performance appraisal should have consequences otherwise it is meaningless in general there are two basic uses of the results, one is administrative (like promotion, reward, demotion, termination etc.) the other most important and neglected use of performance assessment results are developmental role (filling the gap, preparing employees to the next level like succession plan etc)

**Table 4.12. Uses of performance appraisal result.**

S.No	Item		1	2	3	4	5	Total	Mean x
1	Improve staff performance.	C	18	22	12	18	10	80	2.75
		%	22.50	27.50	15.00	22.50	12.50	100	
2	Identify staffs with high potential.	C	23	24	10	13	10	80	2.53
		%	28.75	30.00	12.50	16.25	12.50	100	
3	Identify under performance.	C	20	28	11	13	8	80	2.51
		%	25.00	35.00	13.75	16.25	10.00	100	
4	Align individual and organization objectives.	C	17	27	8	20	8	80	2.68
		%	21.25	33.75	10.00	25.00	10.00	100	
5	Provide the basis for personnel development.	C	15	33	9	12	11	80	2.63
		%	18.75	41.25	11.25	15.00	13.75	100	
6	Enable people to know where the stand.	C	12	32	12	17	7	80	2.68
		%	15.00	40.00	15.00	21.25	8.75	100	
7	Used for training need assessment.	C	21	31	15	6	7	80	2.33
		%	26.25	38.75	18.75	7.50	8.75	100	
8	Used for motivation like promotion, recognition, award, etc.	C	14	40	9	11	6	80	2.43
		%	17.50	50.00	11.25	13.75	7.50	100	
9	Provide basis for pay decision.	C	21	40	10	7	2	80	2.11
		%	26.25	50.00	12.50	8.75	2.50	100	
10	Terminations, lay-offs and demotion are based on performance results.	C	17	39	15	7	2	80	2.22
		%	21.25	48.75	18.75	8.75	2.50	100	
11	It is simply a matter of formality.	C	7	14	13	14	32	80	3.62
		%	8.75	17.50	16.25	17.50	40.0	100	
12	Properly recorded for decision making purpose.	C	12	33	20	10	5	80	2.53
		%	15.00	41.25	25.00	12.50	6.25	100	
13	It is simply a west of time	C	10	15	39	10	6	80	2.83
		%	12.5	18.75	48.75	12.5	7.5	100	

1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= Strongly agree

To elicit the required information employees were asked to rate the above listed benefits of performance management on scale of five with the value of strongly disagree being one and the value of strongly agree being five. For the purpose of the interpretation the expected mean score of the scale i.e. 3 is taken as a reference point and the mean value of the response below the expected mean shows the majority of the respondents replied negatively for positive statements and positively for negative statements. Whereas the

mean value above 3 shows the respondents agreement with the statement. In light of these, the mean score of all item shows that it is below the average standard except item 11 which implies that respondents don't agreed on that, performance evaluation is used for the stated benefits. On the other hand, most of the respondents affirmed that performance evaluation in the organization is done for the sack of formality. In here formality doesn't mean that evaluation has no importance rather some supervisor used it for the intended purpose but the majority them used it as an activity which fulfill annual or semiannual requirement without being used in strict sense for the benefits it was designed for. Had it been used in strict sense it would have been possible to identify the high flyers and underperformers.

Almost all participants of the (from open ended quainter) as the performance evaluation is used only when issues that have critical implication are faced as in the case of staff competition for internal promotion(when the competitors have the same result in all other measurements) and when the management intends to take administrative measures in relation to operation scale backs. One of the key informants said "I do not have idea as for what purpose the organization uses the staff performance evaluation." Another participant also said it is primarily for documentation (most even don't agree on the proper documenting of their performance evaluation) in relation to its potential use when critical administrative issues emerge. On the other hand, very few of the participants of the interview reported are the results as used for staff capacity development. When we see performance management guideline of the organization it clearly mentioned the uses of performance appraisal i.e. it serve as an inventory of the firm's human resource, used as a motivational tool to improve performance, used to improve the communication b/n supervisor and subordinates, used as a consulting tool, help to foster employee commitment to the organization, used for HR strategic plan purpose for future training need and the prediction of performance on present and future, etc were as the practice deviates from the guiding.

#### **4.6 Understanding of the performance assessment (awareness of staff)**

Needs further improvement Purpose is a controlling force in any undertaking within organizational context. Accordingly, the understanding of the purpose and process of performance planning, appraisal, and use of the results for performance improvement as well as for administrative ends determines the effectiveness of a performance management system. With this understanding the study participants were asked about the degree to which they are clear with the objective of the performance appraisal system, about provision of guidance on undertaking the appraisal and the confidence they have about the knowledge of their supervisor regarding the performance evaluation system.

Table 4. 13 Staff Awareness

S.No	Item		1*	2*	3*	4*	5*	Total	Mean x
1	The company is able to provide clear guidelines for performance appraisal.	M	7	7	6	21	12	80	3.612
		F	0	3	2	16	6		
		%	8.75	12.5	10.00	46.25	22.5	100	
2	The organization has successfully explained and cascaded the main purposes of performance appraisal.	M	10	10	6	20	7	80	2.83
		F	5	10	10	1	1		
		%	18.75	25.0	20.00	26.25	10.0	100	
3	Are you aware of the objective of the performance appraisal system of Pact Ethiopia	M	7	13	15	13	5	80	3.22
		F	1	2	6	10	8		
		%	10.00	18.75	26.25	28.75	16.25	100	
4	My supervisor has a good knowledge on performance evaluation system.	M	5	18	7	15	8	80	3.01
		F	3	10	2	10	2		
		%	10.00	35.0	11.25	31.25	12.5	100	

\*1=Strongly Disagree, 2= Disagree, 3= Nether agree or disagree, 4= Agree, 5= strongly agree

Accordingly, the responses of the study participants showed that the majority of the respondents 68% do agree on that the organization is able to provide clear guidelines for performance appraisal, in contrast to this only 36.5% of the respondent believed that the organization successfully explained and cascaded the main purpose of performance

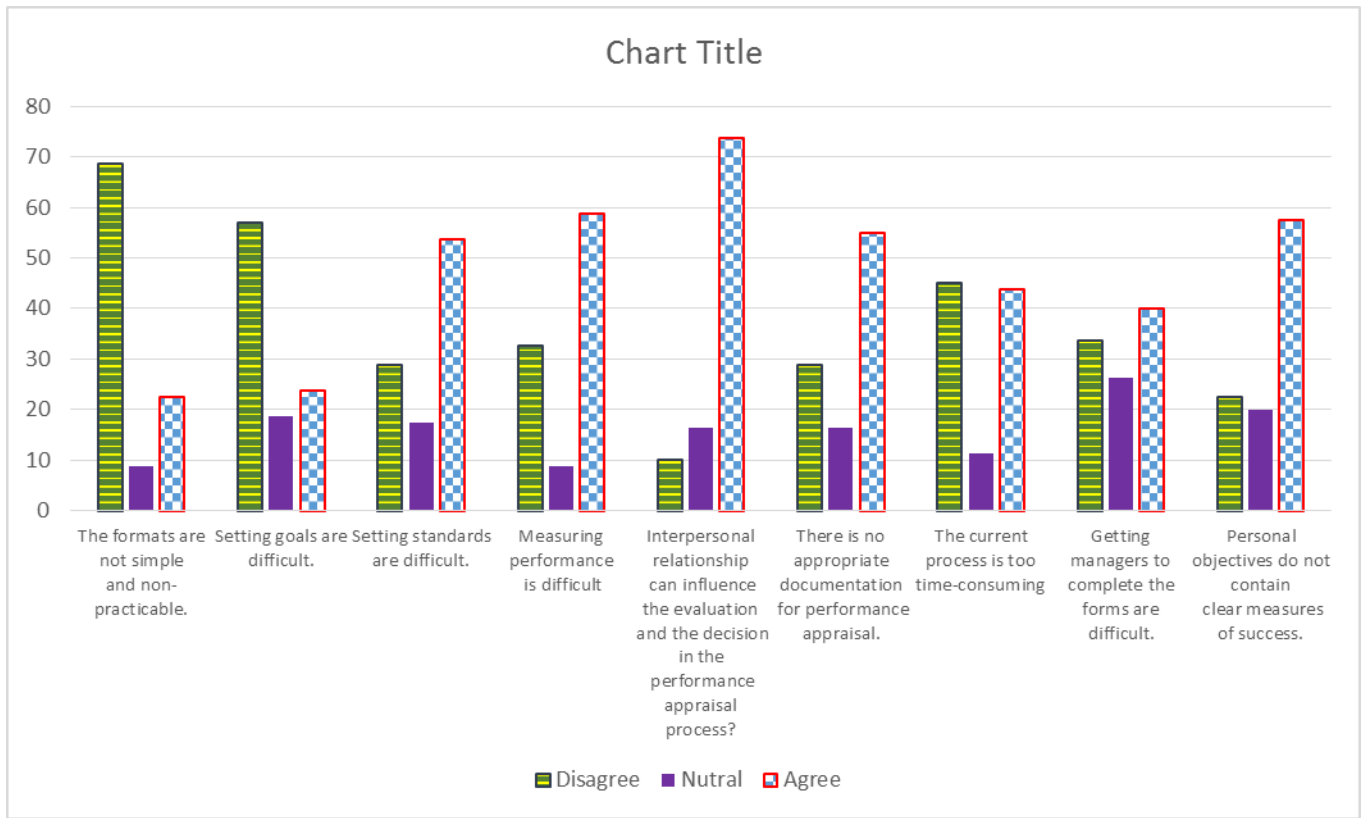
appraisal in addition it is only 31 percent of the respondents who reported that they know the objective of the performance appraisal. Furthermore 43.5% of respondent's believed that their supervisor has a good knowledge of performance evaluation system and almost same number of participants 45% don't agree on this and the remaining 11.25% of them are neutral. Here also female are more aware than male participants. In general, what can be said that except item number two the mean score of the remaining items are more than the expected mean score (3) of the scale it shows that more than average respondents believed that they are aware about the performance appraisal system however, needs more training to staffs to implement it accordingly.

#### 4.7 Problems in the current performance appraisal process/systems

The performance evaluation and use of the findings do have some problems and challenges as perceived and reported by the study participants. Around 43 percent of the study participants feel as the performance appraisal is conducted for the sake of formality. A significant percentage of the study participants (25%) are not also sure if the performance appraisal is actually used for staff development or administrative purposes. Some (34 %) of the study participants also indicated as the performance evaluation is more of waste of time. Yet, around 50 percent of the respondents feel as it is worth of the time invested for it. So the organization need to implement the process as per the guideline so as to use for the intended purpose rather than doing for the sack of formality.

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Figure 4.2.



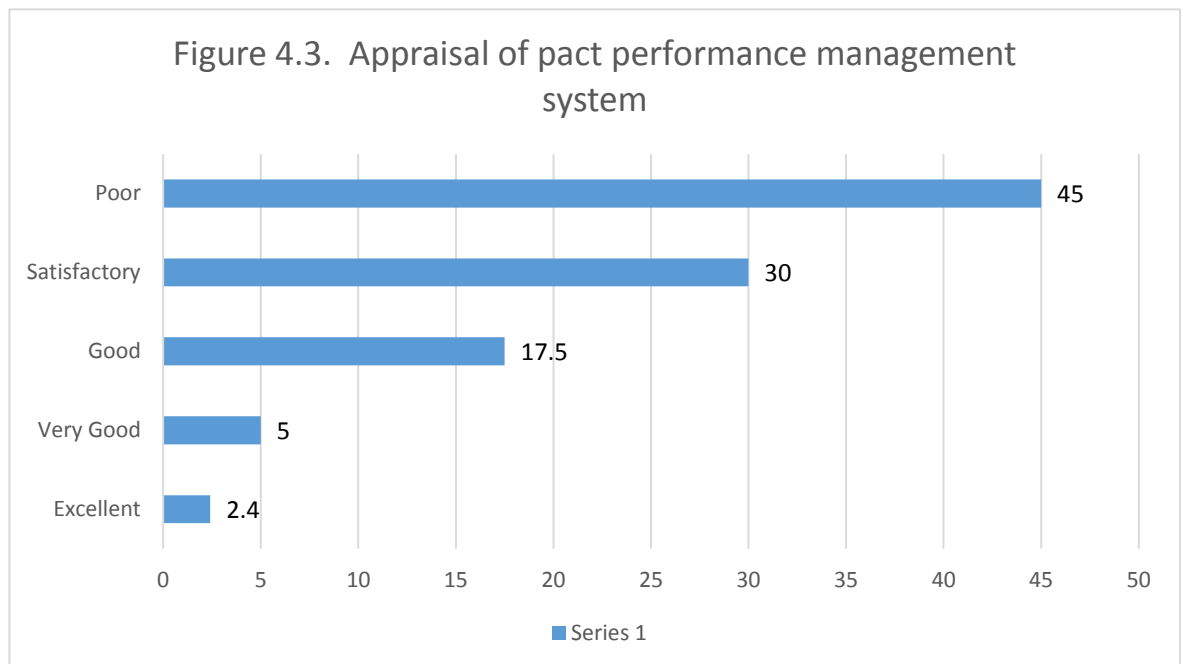
As per the study significant number of participants do not have a problem on the format and they fell comfortable in setting goals from the open ended question staffs replied that terms put on to measure the behavioral competency are vague and difficult to interpret. Beside this almost 45% of participants expressed the current process is too time consuming but constant number of respondents disagree on the idea, For the remaining questions majority of them face problem on setting standard, measuring performance, on proper documentation, lack of clear measure of success, and influence of interpersonal relationship. Among all the problems influence of interpersonal relationship take the major part.

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#### 4.8. -Appraisal of pact performance management system

As it is shown below in the graph, most of the participants of the study (around 45 percent) rated the performance management system of pact is poor on the other hand, 30 % of them rated it as satisfactory and 25% of them stated that it is good and excellent. The major strength of the performance evaluation system as to most of the participants of the interview is that most of the employees participate in goal setting processes. On the other hand since most of them are engaged in service giving activity, it is very subjective to set a standards for their job moreover , the poor utilization of the results and influence of interpersonal relationship were mentioned as the critical gaps of the system by most respondents. The unfavorable rating of the performance management system could be explained by the fact non-of the staff were affected by the system as it is not being utilized.

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# CHAPTER FIVE

## SUMMARY OF THE FINDING CONCLUSION AND RECOMMENDATIONS

This chapter is devoted to the discussion of the research findings, summary of some important points of the study, and the possible remedies for the problems or gaps identified in the current performance management practices of the organization.

### **5.1. Summary of the Findings**

At the planning stage the organization is good in participating employees in goal setting process. More over staffs are clear on their job role however, on the same stage staffs claimed that they don't know the most important competencies that is expected for them while performing their duty in addition, most of the respondents also said that the measuring standards and criteria's are not well communicated with them. If both of them haven't had a meaningful dialogue about what is expected, it will be difficult for the manager to honestly and ethically assess how well the individual has done the task.

At the performance execution stage majority of them declared that they don't get enough information and update whenever conditions changed at the organization or department level due to that they are not able to update and revise their performance plan accordingly. Subsequently, provision of technical support through mentoring and coaching as well as facilitating a conducive working environment with the objective of addressing performance shortcomings are not satisfactory. Most of the employees also claimed that they don't participate in midterm review process which is one of the mandatory step as per the organization guideline. In this case the organization fails to implement one of the most important components of performance evaluation system which helps supervisor to keep track of their subordinate performance. The other variable at this stage is feedback, the feedback provision on the performance of employees by supervisors on the bases of performance review is not strong in Pact. Results and performance gaps identified in the project implementation process (immediate feedback) are not adequately communicated in the organization. This problem is further aggravated by lack of open communication on performance gaps

between employees and supervisors. Moreover majority of them do not know either the system encourage/ demand every employee to keep track of achievements and accomplishments. On the other hand employs declared that they perform their duty with full autonomy and this practice motivate them in addition the organization also provides a learning opportunity to all employees. Actually it is not related with the performance result of individual rather it is granted for all as a routine benefit package, in so whatever cases it has a positive impact on employees motivation. Employees are also satisfied with their participation in decision making process especially at performance planning activity. In contrast to this they claimed that they don't get proper recognition on their achievement and drawbacks so it is difficult to them to identify their gap.

The other part of the study was performance assessment, to see its effectiveness the researcher evaluated some variables among them evaluation as per the standard is the one, accordingly majority of the respondents replayed that performance assessment is not done as per the agreed standard, beside this staffs are not aware about the basic standards and measuring criteria's so performance evaluation become very subjective, beside this majority of the staffs declared that interpersonal relationship affects the performance assessment activity ,in addition the results don't consider the quality as well as quantity of the work they had done, due to that majority of the staff believed that the results they received was not accurate and realistic. The other variable the researcher assess at this stage was discussion on the performance appraisal process, accordingly majority of the staff claimed that there is no one to one discussion on the performance assessment processes. Likewise, there is also lack of open communication. Furthermore majority of them do not know either the organization has a system to encourage or demand staffs to keep track of achievements and accomplishments. Respondents were also indifferent about continuous noting and documentation.

The lack of clarity on the purpose for which the appraisal is conducted in light of the current utilization of the performance evaluation is the major limitation of the performance management system of Pact. The discussion with the key informants and the staff shows as most of the staff are not clear about the objective or purpose of the performance evaluation. One of the key informants said "I do not have idea as for what purpose the organization uses the staff performance evaluation." Another participant also

said it is primarily for documentation (most even don't agree on the proper documenting of their performance evaluation) very few of the participants of the reported the results as used for staff capacity development. Rather majority of the employees asserted performance evaluation system in the organizing don't play its role rather it is done simply for the sack of formality. Speaking about the reaction and responses of employees towards the performance evaluation results by immediate supervisors, most of them expressed as the staff do not mind about the results of the performance evaluation. As a reason of this, most reported as the staff do not believe as it makes a difference on their employment or professional development

Regarding the awareness of the staffs the most of them do agree that the organization provide clear guidelines about the performance evaluation system however, most of them acknowledge that the organization fails in successfully explained and cascaded the main purposes of the performance evaluation system. Moreover since the performance evaluation don't play its role they don't understand about the objective of performance appraisal As a result of this, most of the staff do not think it is a meaningful exercise, and do not give the due value to the ratings for the fact that the probability of being affected by the results is very low.

As per the study significant number of participants does not have a problem on the format except the behavioral part and they fell comfortable in setting goals. From the open ended question staffs replied that terms put at the behavioral competency part are very vague and difficult to interpret. Beside most participants expressed the current process is too time consuming but constant number of respondents disagree on the idea, For the remaining questions majority of them face problem on mutually setting criteria, measuring performance, lack of clarity on the objective of the performance evaluation, poor utilization of the performance appraisal results on proper documentation, lack of clear measure of success, and influence of interpersonal relationship. Among all, influence of interpersonal relationship take the major part. Though few reported as the policy is implemented properly, most think it is just for the sake of formality that the performance evaluation is undertaken. As evidence to this, some mentioned as they have never seen the evaluation being used. Expressing this, one key informant said: "I think it

is for formality purpose that the performance evaluation is conducted rather than making use of it.

## **5.2. Conclusion**

Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams, in order to align them to the strategic goals of the organization. For any types of organizations effective implementation of performance management will result in various benefits like, facilitating promotion decision, encouraging performance improvement, Align individual and organizational objectives develop a high performance culture, providing basis for personal development, increase motivation and engagement, inform performance pay decisions etc. Likewise in international NGO's evaluation has two major functions: the improvement function (Developmental) and the accountability function (Administrative) For these benefits to happen in an institution the performance management system must be well designed, the steps and procedures involved in the system must be well communicated to the participants.

Performance management system has four stages according to the model chosen for the purpose of the study i.e. performance planning, Execution, assessment, and the uses of the evaluation results. The study aimed to assess some key components (variables) in each stage which determines effectiveness of each stage which in general determines the overall performance management system effectiveness. In addition, the study also tried to assess awareness level of the employee and basic problems in the system. Some of the variables measured in each stages are:-

At the planning stage participation on goal setting processes, Clarity of job role, agreement on performance exception, agreement on performance measurement standards and criteria's were evaluated. With respect to performance execution stage the study has evaluated, level of coaching and updating on changes, participation on midterm review, feedback practice, and motivation systems were evaluated. On the performance assessment level key questions like whether assessment is conducted on the basis of agreement, level of discussion, open communication and practice of documentation were measured, Furthermore benefits of /objective/of performance evaluation also assessed finally staff awareness and problems of the entire system were examined.

As clearly mentioned under the scope and limitation of the study, giving generalization about the whole performance evaluation system of the organization is beyond the scope of the study. However, it is possible to predict the impact of these basic components on the total performance management system. Hence, In light of the research findings we can conclude that the performance management system at the planning stage is partially good as well as employees are more or less motivated b/c they perform their duty with full autonomy and with the opportunity of learning and some supervisor and employee effectively implement the system. Whereas , the majority of findings lead to the conclusion that the majority of respondents affirmed that performance management system as a whole and the application and use of the performance appraisal for intended purpose is very weak and needs to be improved. The outcome of the study also revealed that there has not been any strong factor contributing to the effectiveness of the performance management of Pact International Ethiopia.

### **5.3. Recommendations**

To improve the performance management system practice and use, the following recommendations are forwarded:

- Employees participation is a very important element for successful performance evaluation system in this regard the organization is good but some departments didn't do as per the guideline. Hence, the HR unit needs to make a follow-up and incurage and demand all supervisors to do accordingly.
- Besides this having specific, measureable, and time bound objectives and targets that serves as a base for objective performance evaluation will help in tackling the miss use of the performance management system. If both of them haven't had a meaningful dialogue about what is expected, it will be difficult for the manager to honestly and ethically assess how well the individual has done the task.
- At the same time, increasing the awareness and knowledge of the staff on the purpose of the system and promoting integrity in the appraisal process will help in maximizing the benefits to be gained from objective performance evaluation.
- Even though, the organization avails a guideline. The finding shows that there is a problem in implementation. Therefore, the organization needs to give continuous training to staff on how to developed SMART goals, measuring criteria, and key performance indicators, so as they will be able to develope this

critical elements of performance planning stage. These elements are also critical requirements to assess employee's level of progress towards the overall goals. Knowledge of such critical variables will also help the employees to distinguish acceptable level of performance from unacceptable one and thereby refine their performance according to the expectations.

- Revising the level of coaching and provision of feedback by the organization through department meeting, (by organizing monthly(quarterly) department meeting) supervisors will be able to update staffs regarding any change that might affect department/individual goal, supervisors are responsible to find out employees performance gap and avail on-the-job training or out of the job training based on the individuals level of weakness since they are the basic tool to improve the individual performance and help supervisor to keep track of employees performance
- Improve the level of open communication among employee and their supervisor. As per the organization guideline this can be done through midterm evaluation so the organization should enforce and make follow-ups by putting specific dates to do midterm review.
- Even if the organization is good in providing learning opportunity it is better and more productive if it is related with the results of performance result rather than providing it as regular benefit package.
- A well-defined purpose is the driving force any given effective performance managements, a purpose that an organization demonstrates the value it attaches to it by demonstrating its commitment for its achievement. As far as the practical purpose of performance management system is to improve performance by identifying and addressing factors that negatively affect employee and organizational performance, Pact needs to make use of the performance appraisal results for staff development and administrative decisions. By giving rewards/recognition to those who do well and by availing trainings who do not perform as expected. Her supervisors do have a responsibility to identify the gap of their subordinate and provide them an appropriate training which help to fill the gap.
- To help employees understand the objectives and the processes of the performance evaluation, the organization in general and the departments in

particular should communicate with employees about, why the evaluation is needed, what purpose does it serve, and the evaluation procedures before asking them to rate someone. Moreover, staffs must be oriented to the evaluation instruments and its components. Such conditions will clarify the procedures and thereby enable employees to develop a sense of ownership of the evaluation system.

- Regarding performance assessment employees must know what is to be assessed and how it is to be assessed. The things to be assessed must be within the control of the job holder.
- Employee's assessment in the organization should be based on what the employees and their supervisors agreed during the planning stage. Reaching an agreement on what is to be measured and the how aspect helps both participants. For one thing, it helps the supervisors to deal with employees' defensive behavior not to accept the evaluation results, because the evaluation is based on what they are accountable for. Second, it helps the employees to deliver the result because; they are clear with what their supervisors expect from them.
- With respect to the rating accuracy though some elements of personal biases are inevitable, other problems may result from misunderstanding of the evaluation procedures, purposes and inappropriate timing of the evaluation. Therefore, as much as possible the departments should make the evaluation criteria very objective and conduct the evaluation at the right time.
- Revising the purpose, improving the objectivity of the criteria and measurement, and enhancing the staff awareness and knowledge on the system will not add value if the time and other resources invested on the performance appraisal is not backed by its use. Thus, the ultimate effectiveness of the performance management system depends on the use of the results for staff and organizational performance. To this effect, Pact needs to improve its investment on its staff on the basis of performance evaluations and take appropriate administrative actions to motivate and or deal with poor staff performance. Finally one quality of good evaluation system is its ability to distinguish high performers from under performers. Therefore departments should use the system for: 1) identifying and rewarding those who are performing at an acceptable level of performance, 2) identifying those who deviate from the expected behavior and results for which

providing feedback and coaching are necessary so as to bring them to the expected performance standards.

- A major aspect of developing an effective performance system is training for those individuals involved as raters. Periodic refresher courses have to be given to help the rater maintain necessary skills in performance assessment and providing feedback. The gap on perception of the process of feedback has to be narrowed. Supervisors are responsible to narrow this gap and they have to be well trained. There should be guidance from the top managers to supervisors how feedback should be given and its purpose. Feedback is the primary means for recognizing good performance and for redirecting behavior that needs to be improved.

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**ANNEX I**  
**Addis Ababa University School of Commerce**  
**Department of Human Resource**  
**Postgraduate Program**  
**SELF-ADMINISTERED QUESTIONNAIRE**

**Dear Respondent,**

My name is Yemisrach Mihret I am carrying out a Research Project entitled with **Effectiveness of performance management system in the case of pact Ethiopia** for the partial fulfillment of **MA in HRM** at **Ababa University school of Commerce**. For this purpose, I am kindly looking for your cooperation to share your moment of truth experience about the overall practices performance evaluation system. I assuring your that all answers will remain and treated in a confidential manner and will be used for the propose of this study only.

**Thank you in advance!**

**SECTION A: DETAILS OF THE RESPONDENT**

Please fill and tick (√) where appropriate

1. Sex

Female	Male

2. Job Category

Director	
Manager	
Supervisor	
Non- supervisor	
Other	

3. Age

Under 25	
25-35	
36-45	
46-60	
Above 60	

2. How long have you been in the organization?

Years	
0 – 2	
3 – 5	
6 – 10	
Above 10	

3. Department in which you are working:

Administration	
Transport	
Research & Evaluation	
Human Resource	
Information Technology	
Grants	
Finance	
Program/Project	
Other	

4. What is your level of education?

High school graduate	
Technical School graduate	

College Diploma	
1 <sup>st</sup> degree (BA or BSC)	
2 <sup>nd</sup> degree (Master's Degree	
PHD	
Other	

5. The latest rate in you performance

Exceptional	
High Contributor	
Successful contributor	
Contributor	
Needs improvement	
Not evaluated	

## SECTION B: Questions about performance planning

Note: performance planning is the first step for effective performance planning it refers to process through which the supervisor and the employee meet to discuss, and agree on what to be done (the key responsibilities of the person's job and the goals and projects the person will work on) and how the person will do the job (the behaviors and competencies). Having this in mind, please indicate the extent to which you agree with the following statements.

S.No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= Strongly agree	1	2	3	4	5
1	In my organization goal setting process is carried out jointly by the employees and their immediate supervisor					
2	My supervisor gives me a chance to participate in performance planning (agreeing on goals and objectives needs to be achieved and measurement standards)					
3	I am clear on what my key job responsibilities are.					
4	My supervisor clearly explains to me what he or she expects from my performance and basic requirements					
5	My supervisor reached an agreement with me on how my performance will be measured.					
6	My supervisor clearly explains to me the standards that will be used to evaluate my work.					
7	My department's performance plan indicates success criteria (The individual and the manager will know how desired results have been achieved).					
8	Identifying the most important competencies that is expected from me to demonstrate in performing the job					
9	I have never been participate in performance planning process					
10	My supervisor don't participate in my performance planning process					

## SECTION C: Questions about performance Execution

Note: Performance execution is the second phase of an effective performance management process. For the individual, the critical responsibility in Phase II is getting the job done—achieving the objectives. For the appraiser, there are two major responsibilities: creating the conditions that motivate, and confronting and correcting any performance problems.

S.No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= Strongly agree	1	2	3	4	5
1	The performance appraisal processes encourages providing routine and ongoing feedback regarding staffs performance					
2	I can communicate openly with my appraiser on my job progress and any problems encountered.					
3	My organization try to improve/address problems that affects my performance					
4	The performance appraisal system encourages/demands every supervisor/staffs to keep track of achievements and accomplishments					
5	I am always updated by my organization as Conditions Change and revise our objectives accordingly					
6	Staffs Actively participate in the midterm review meeting in order to update objectives as conditions changed and reinforcing effective behavior					
7	While you have a problem in performing your task you will get adequate guidance and coaching to solve your problem					
8	your supervisor gives you a recognition on your remarkable achievements					
9	your supervisor gives you immediate feedback on your drawbacks					
10	You perform your duty with full autonomy and freedom					
11	My organization creates an opportunities for achievement and accomplishment					
12	Provide opportunities for learning and growth					

## SECTION D: Questions about performance Assessment

Note: Performance assessment is the third phase of an effective performance appraisal system. Basically, it is a process of evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. It is about evaluating the extent to which the goals stated in the performance planning stage have been achieved. Please indicate your level of agreement with the following statements

S.No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= Strongly agree	1	2	3	4	5
1	I always submit my work accomplishments and achievements as per the schedule					
2	My performance was measured based on the agreed standards and objectives					
3	The criteria's for evaluation is based on observable and measurable characteristics of the behavior of the employee					
4	The result of the appraisal is communicated and discussed with the employees on one to one basis					
5	Staff discuss their performance problem areas openly during performance appraisal					
6	My organization ensure timely completion of performance reviews of staffs					
7	My performance rating is based on how well I do my work					
8	My performance rating is based on how much work I do					
9	The performance rating I received was very accurate and realistic					
10	The organization has a system for continuous noting and documenting the performance.					
11	I think the current performance rating is a west of time					
12	Raters give performance ratings that reflect in part their personal like or dislike of employees					
13	My performance evaluation is done without considering the agreed standards					
14	Performance evaluation is done just for the purpose of formality					

**SECTION E: Questions about the uses of performance management**

Note: Performance management is useful to encourage employees to raise their performance, develop their abilities increase satisfaction and achieve their full potential to the benefit of the individual and the organization as a whole. Please indicate your level of agreement on the extent to which the performance evaluation of this organization is useful for the following purposes.

S.No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= Strongly agree	1	2	3	4	5
1	Improve staff performance					
2	Identify staffs with high potential					
3	Identify under performers					
4	Align individual and organization objectives					
5	Provide the basis for personal development					
6	Enable people to know where they stand					
7	Used for training need assessment					
8	Used for motivation like promotion, recognition, award, etc.					
9	Provide basis for pay decisions					
10	Termination, lay-offs and demotions are based on performance results					
11	It is simply a matter of formality					
12	Properly recorded for decision making purpose					

**SECTION F: Questions about staffs' awareness regarding performance evaluation**

S.No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= Strongly agree	1	2	3	4	5
1	The company is able to provide clear guidelines for performance appraisal					
2	The organization has successfully explained and cascaded the main purposes of performance appraisal					
3	Are you aware of the objective of the Performance Appraisal System of Pact Ethiopia?					
4	The goal setting process is participatory					
5	The appraisal program require employee involvement in the development of the employee's performance plan					
6	The standards set are clear, easy to understand and put in a measurable terms					
7	Our performance appraisal is consistent and fair					
8	The performance appraisal helps employees to improve their performance					
9	My performance appraisal is a fair reflection of my performance					
10	Awards in my work unit depend on how well employees perform their jobs.					
11	Discussion with my supervisor/team leader about my performance are worthwhile					
12	I am satisfied with my involvement in decisions that affect my work					
13	My supervisor have a good knowledge on performance evaluation system					
14	Interpersonal relationships can influence the evaluation and the decisions in the performance appraisal process					
15	Performance evaluation is conducted for the sack of formality					

**SECTION G: PROBLEMS IN THE CURRENT PERFORMANCE APPRISAL SYSTEM**

*The major factors which contribute for the appraisal problem in pact Ethiopia by stating*

*1= Strongly Disagree, 2= Disagree, 3= Neither agree nor disagree 4= agree, 5= strongly agree*

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. The formats are not simple and non-practicable | 1 | 2 | 3 | 4 | 5 |
|   |   |   |   |   |   |
- |                                |   |   |   |   |   |
|--------------------------------|---|---|---|---|---|
| 2. Setting goals are difficult | 1 | 2 | 3 | 4 | 5 |
|                                |   |   |   |   |   |
- |                                    |   |   |   |   |   |
|------------------------------------|---|---|---|---|---|
| 3. Setting standards are difficult | 1 | 2 | 3 | 4 | 5 |
|                                    |   |   |   |   |   |
- |                                       |   |   |   |   |   |
|---------------------------------------|---|---|---|---|---|
| 4. Measuring performance is difficult | 1 | 2 | 3 | 4 | 5 |
|                                       |   |   |   |   |   |
- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 5. Interpersonal relationships can influence the evaluation and the decisions in the performance appraisal process? | 1 | 2 | 3 | 4 | 5 |
|   |   |   |   |   |   |
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 6. There is no appropriate documentation for performance appraisal | 1 | 2 | 3 | 4 | 5 |
|  |   |   |   |   |   |
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 7. The current process is too time-consuming | 1 | 2 | 3 | 4 | 5 |
|  |   |   |   |   |   |
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 8. Getting Managers to complete the forms is difficult | 1 | 2 | 3 | 4 | 5 |
|  |   |   |   |   |   |
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 9. Personal objectives do not contain clear measures of success. | 1 | 2 | 3 | 4 | 5 |
|  |   |   |   |   |   |

Please comment on the problems related to the current performance appraisal system of Pact Ethiopia.

1. What do you feel are the short comings of the performance evaluation system being followed in your department? Please specify

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2. What major problems do you see in the existing performance appraisal system?

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3. How do you think this would be correct?

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4. I feel very comfortable in giving up ward feedback

Yes	NO

If “”NO can you specify the reason \_\_\_\_\_

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5. Please select rating for Pact employee appraisal based on your experience to date.

Excellent	Very Good	Good	Satisfactory	Poor

## **Interview Questions for Human Resource Manager**

1. Do staffs participate in performance planning?
2. What are the uses of staff evaluation? Do you use them as basis for staff development?
3. Do you have constraints to implement effective performance appraisal?
4. Who is responsible for the designing of performance appraisal system?
5. Do you disclose the appraisal result to the staffs?
6. For what purpose does the organization use the performance appraisal result?