



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**GRADUATE PROGRAM**

**PERFORMANCE APPRAISAL PRACTICES AND  
CHALLENGES IN  
BRANNA PRINTING ENTERPRISE**

**BY**  
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**JUNE, 2018**  
**ADDIS ABABA, ETHIOPIA**



**PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES IN  
BRANNA PRINTING ENTERPRISE**

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**GSD/0029/06**

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**A Research Thesis Submitted to Addis Ababa University School  
of Commerce for the Partial Fulfillment of the Requirement for Masters of  
Art Degree in Human Resource Management.**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
GRADUATE PROGRAM**

**June, 2018**

**Addis Ababa, Ethiopia**

### **Statement of Declaration**

I, Solomon Desta declare that the thesis entitled “**Performance Appraisal Practices and Challenges in Branna Printing Enterprise**” is my original work. Moreover, this study has not been presented for any other program in this university or any other, and that all sources of material used have been acknowledged accordingly.

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**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**DEPARTMENT HUMAN RESOURCE MANAGEMENT**

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## **Acknowledgment**

First and foremost, I would like to thank God for giving me the strength to go through this. I would like to express my gratitude and appreciation for the support and contribution of everyone who assisted me during this project. I like to offer my thanks to my Advisor, Wubishet Bekalu (PhD) who has guided and advised me while I was preparing the paper. I express my deepest gratitude to my wife who encouraged and supported me in doing my studies and other families for their support in different ways. I am particularly grateful to Ato Dargie Arbsei for his unreserved support and Addis Ababa University School of Commerce for offering this tremendous program. Great appreciation is also extended to all those who helped me while conducting the study specially Samson Gerawork.

## **Acronym and Abbreviation**

PA- Performance Appraisal

BPE- Branna Printing Enterprise

HRM- Human Resource Management

PAS- Performance Appraisal System

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## **ABSTRACT**

*It was not known and no research exists that examines the practice and challenges of performance appraisal practices in Branna Printing Enterprise. Therefore, the purpose of this study was to assess the practice and challenges of performance appraisal in Branna Printing Enterprise. The study tries to address the basic questions of practices of performance appraisal system, the challenges, the strengths and weakness and the consequences of performance appraisal system in BPE.*

*To answer these questions, the study was employed through descriptive design in which data from employees and management have been collected using questionnaires and interviews. The total number of staff at BPE was 305 and for this study simple random sampling technique was used by taking 92 employees to fill in the adapted questionnaire, which was the main data collection instrument. The data gathered from the questionnaire have been compiled by using SPSS software. Descriptive statistics method had been used for analyzing data obtained from questionnaire and data gathered from interview and focus group discussion and document analysis have been analyzed contextually. The result of the analysis will be presented using tables. The findings of the study and the outcome of the research presented at the end.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of Study

In every business organization, the performance of the employees is important in achieving organizational goals. The success of every business organization can therefore be attributed to performance appraisal. Performance appraisal is one of the basic tools that make workers to be very effective and active at work. A critical assessment of this may reveal the need for motivation, rewards, development, training and good human relationship in an organization.

Performance Appraisal (PA) is one of the most important functions of Human Resource managers. It is concerned with identifying, measuring, influencing and developing job performance of employees in the organization in relation to the set norms and standards for a particular period of time in order to achieve various purposes. Employees are required to generate a total commitment to desired standards of job performance and improved job performance for sustaining profitable growth for the organization and long-term value creation for the customers (Singh et al, 2010). This involves getting optimum use of the available knowledge, skills and abilities in the workforce to optimize employee productivity and give an organization a competitive advantage.

Performance Appraisal benefits both employees and employers. Employers benefit from understanding their employees' weaknesses and strengths. Understanding the employees helps to make basic enforcement for weakly performing employee by giving training and development in order to improve his/her performance before rushing to punishment. It also helps to make remuneration and promotion readily available for those who performed well. Performance appraisal is not only important to employee's problem identification, but also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency.

Employees benefit by getting feedback about their performance of certain period in time, to improve themselves on their poor performance or to be motivated for their good performance.

The effectiveness and success of an organization therefore lies on the people who form and work within the organization. The ultimate objective of performance appraisal is identifying, measuring, and managing of human performance in an organization and to give feedback to employees who may improve their performance on job and also organizations success.

Additionally, information obtained during the appraisal process can be used as a basis for personnel management, merit increment, termination, carrier planning and promotion, and layoff, succession planning, transfer, bonus, and criteria for selection procedure validation by using different appraisal methods.

To all intent and purposes, an organization is judged by its performance. However, the biggest influence on organizations performance is the quality of the labour force at all levels of the business. The most important role for human resource managers is to raise the performance of employees in the organization. To do this, employees' performance has to be managed and this is not an easy job. Performance appraisal or evaluation is regarded as a once a year phenomenon in most organizations but this is not the fact.

Therefore, examining the practice of performance appraisal used in Branna Printing Enterprise and spotting its challenges helps to analyze the performance of employees and to understand, if there is an effective system or not. If effectiveness and efficiency is impaired the organization cannot meet its goals and objectives. These are practically, linked to the practice and challenges with its employee's performance appraisal and needs to be investigated thoroughly by posing statement of the problems.

## **1.2 Background of the Enterprise**

Branna Printing Enterprise (BPE), the government owned public enterprises was established with the aim of offering printing services with a broad range of product categories, including book, magazine, brochure, receipts and commercial works. BPE was re-established in 1986 E.C as public enterprise by council of minister's regulation No. 171/1994 and currently works under the supervising authority of Ministry of Defense. As per proclamation No. 25/1992, BPE is a self-financed public enterprise administered by Board of Directors assigned by supervisory authority. BPE provide service headquartered in Addis Ababa, Wollo Sefer with three branches in Awassa,

Bahirdar and Piassa. A general manager who is accountable to the board with four department managers directly reporting to him makes up the enterprise's top management. The enterprise currently has about 317 permanent and 40 contract employees with different profession and educational level.

The enterprise is engaged in providing standard printing service to its customers. On the account of the development of education sector, the increase in demand for reference books and commercial printing works as a result of the rapid economic growth prevailing in the country, have triggered Branna Printing Enterprise to be competitive in the market. As a result, it is highly important that BPE to get utmost benefit from its employees must review and improve its current performance appraisal system.

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

As cited by Danielle S. Wiese and M. Ronald Buckley (1998), an effective performance appraisal system can play a crucial role in an organization's efforts to gain competitive advantage. For example, effective performance appraisals can provide accurate assessments of employee productivity and quality of work and can motivate employees to higher levels of performance by giving the employee full feedback.

Performance appraisal system is one of the most popular tools used to enhance efficient and effective performance in organizations. However, appraising employee performance is considered a controversial management practice anywhere it is being practiced because the successful implementation of effective performance appraisal system faces numerous challenges and obstacles. It is however inspiring to note that, the human resource system can become more effective by having a valid and accurate appraisal system used for rating performances of employees.

The performance appraisal process is a process that evaluates employee performance, which lies at the heart of the performance appraisal system. It normally compares quality, quantity, time and cost. The performance appraisal process can play a remarkably powerful role in building employees, as well as their performance and productivity. A properly designed appraisal process

can reflect the established performance standard, the performance measures and actual performance, and communicate the standard and expectations.

Employee performance appraisal system serves the above mentioned purpose and achieves the respective objectives only if it has employed and conducted the system effectively. Effectiveness mainly stems from understandability of its purpose, processes and procedures involved, standards and criteria set, its contribution to personal improvement and organizational development.

In the current competitive global economy, effective human resource management (HRM) practices are essential in developing a skilled workforce and organizational effectiveness. HRM practices should enable organizations to develop better systems and policies for employees.

But the researcher is in a state of fundamental doubt that performance appraisal system employed in Branna Printing Enterprise was given the proper attention and achieving the desired objectives. Accordingly, the researcher of this study entirely interested in assessing the existing performance appraisal practice and its challenges. Moreover, the student researcher hasn't yet discovered any study on performance appraisal practice of Branna Printing Enterprise. Therefore, this study will try to answer the following questions.

#### **1.4 Research Questions**

- a) How is the performance appraisal system practiced in BPE?
- b) What are the challenges of the performance appraisal system in BPE?
- c) What are the strengths and weakness of performance appraisal system at BPE?
- d) What are the consequences of Performance appraisal in BPE?

## **1.5 Objectives of the Study**

At the end of this study the researcher has planned to achieve the following general and specific objectives.

### **1.5.1 General Objective**

The main objective of this paper is to assess the performance appraisal practice and challenges of Branna Printing Enterprise (BPE) and to forward possible solution for the actual problems.

### **1.5.2 Specific Objectives**

While conducting the study the researcher believe that the study will have the following specific objectives.

- a) To assess the performance appraisal practices in BPE.
- b) To point out the major performance appraisal challenges in BPE.
- c) To assess the strengthens and weakness of performance appraisal system at BPE.
- d) To identify the consequences of performance appraisal system practiced in BPE.

## **1.6 Significance of the Study**

Performance appraisal system is currently one of the strategic issues to bring about results. The paper focuses on Branna Printing Enterprise (BPE) performance appraisal practice. The paper will propose important recommendations and initiates the concerned enterprise to reassess its existing practices and put a renewed emphasis on this core human resource function performance appraisal practices with a view to maximizing its benefits. Inform the enterprise any gaps in its practice of performance appraisal and help to make the necessary adjustment. Helps employees of the enterprise to know about how they are evaluated and to identify purposes of the performance appraisal of the enterprise. Furthermore, the result of the study can be used as a ground for researchers to conduct further study on performance appraisal.

## **1.7. Scope of the Study**

The project paper is conducted on performance appraisal practice of Branna Printing Enterprise. The research study is limited to Branna Printing Enterprise employees working at Addis Ababa. Though BPE has three branches across the country, the research only covers Addis Ababa. Hence, the generalization of the research finding was delimited to BPE at Addis Ababa offices.

In addition, even though performance appraisal practice is applicable in all types of organization, the scope of this study is delimited to only the practice and challenges of performance appraisal practices in Branna Printing Enterprise.

## **1.8 Limitation of the Study**

The major limitations encountered while conducting the study was: First, a period data collected was not exactly suitable for respondents for the reason that they were busy at year end work. As a result, the questionnaires were not collected on budgeted time. Second, because of time limit, this research was conducted on a small size of population. Therefore, to generalize the results for larger groups, the study should have involved more participants.

## **1.9 Operational Definition of Key Terms**

The following operational definitions are given for the terms used in this study

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

**Rater:** Those incumbent positions who are designated to appraise the performance of their subordinates.

**Ratee:** A process by which manager evaluates the work performance of a subordinate.

**Effectiveness:** the degree to which something is successful in producing a desired result

**Performance Evaluation:** The activity used to determine the extent to which an employee performs work effectively (Ivancevich, 2004).

## **1.10 Organization of the Paper**

This research will contain five chapters. the first chapter provides background of the study, statement of the problem and basic questions, objectives of the study, delimitation of the study, definition of key terms, and organization of the study. The second chapter will cover the review of literature in the area of study. The third chapter discuss about the design and methodology employed by the study. In the fourth chapter data presentation, analysis and interpretation will be discussed. The fifth and the final chapter will cover the summary of major findings and conclusions drawn from the findings and also the possible recommendations will be forwarded by the researcher.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Introduction

This chapter presents the theoretical framework and models that are relevant and suitable for the current study; and which will be applied and used to analyze collected data and information.

#### 2.2 Meaning and Definition of PA

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

"Performance Appraisal" (PA) has been synonymous with performance review, performance evaluation, and other terms and combinations of terms. PA has, over time, referred to 1) an instrument or form to assess an employee's job performance, 2) an interview where an employee's job performance is assessed and feedback is given to the employee, 3) a system of setting employee job expectations/ employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period, or 4) performance management with job performance appraisal a part of it Dessler (2011). More recently a fifth entry has been Integrated Organizational Performance Management with vertical and horizontal loadings and strategic/operating plans and individual goals and metrics as described by McGrath (2010).

*Performance appraisal* can be defined as the ongoing process used for identifying, measuring and developing an individual's performance in accordance with an organization's strategic goals Aguinis (2009). Appraisal may involve formative aspects that focus on developing performance, such as career development, professional learning and feedback. Summative aspects, on the other hand, evaluate performance for career progression, possible promotion or demotion and termination purposes.

PA is defined as "a managerial process through which an individual employee's behavior and accomplishments for a fixed time period are measured and evaluated" (IGNOU cited from

Human Resource Management V. Balu, (2006)). Broad definition of PA given by Fletcher (2001) is “activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards”. In other words, PA is a tool used in an organized and objective way to measure the actual performance of employees to the standards set by the organization followed by formal or informal feedback from the superior in judging the relative worth or ability of the employee performing his or her task Dessler, Gary, (2011), Eichel, E. and Bender, H. E. (1984).

PA is also recognized as systematic instrument due to the method deployed in obtaining, analyzing and recording information in relation to the individual that being assessed. According to Balu V. (2006), PA is a personal function and there is a sequence to be followed in making PA more useful and meaningful.

Furthermore, (Gomez-Mejia et.al, pp225), stated that “performance appraisal as the process of identification, measurement, and management of human performance in organization.” Therefore, to make these effective organizations should develop a system that serve as a tool to performance appraisal process.

### **2.3 Uses of Performance Appraisal**

Regarding the purpose of PA, Cleveland et al (1989) describe four types of uses of performance appraisal: between person, within person, system maintenance and documentation. Between person uses are what have been referred to as administrative purposes, consisting of recognition of individuals’ performance to make decisions regarding salary administration, promotions, retention, termination, layoffs and so forth. Within person uses are those identified in Management by Objectives (MBO), such as feedback on performance strengths and weaknesses to identify training needs and determine assignments and transfers. PA also helps in organizational goals, which are referred to as system maintenance uses. Finally, documentation purposes are to meet the legal requirements by documenting HR decisions and conducting validation research on the PA tools. Some organizations are attempting to meet all of these goals simultaneously while they continue to use tools that were designed for one type of purpose (Wiese and Buckley, 1998). Jawahar and Williams’s (1997) findings suggest that ratings collected for administrative purposes are more lenient than ratings for research or developmental

purposes. Although rating scale formats, training and other technical qualities of PA influence the quality of ratings, the quality of PA is also strongly affected by the administrative context in which they are used Murphy and (Cleveland, 1995). Effective managers recognize PAS as a tool for managing, rather than a tool for measuring subordinates. Such managers use PA to motivate, direct and develop subordinates, and to maximize access to important resources in the organization to improve productivity.

## **2.4 Performance Appraisal System**

A performance appraisal system (PAS) consists of various interrelated elements involved in implementation, management, and communication of the events involved in performance appraisal (Walsh, 2003). Jawahar (2007) described that the performance appraisal system (PAS) deals with processes and procedures governing the performance appraisal in an organization. Previous research has found that PAS has strong linkage with various organizational and individual outcomes. For example, employee's job performance, organizational commitment, job satisfaction (Blau, 1999), and withdrawal intention (Greenberg, 1993). Nathan, Mohrman, and Milliman, (1991) also contended that PAS can influence essential organizational outcomes like employee level of satisfaction and his/her on job performance.

In the PAS literature, it is well accepted that performance appraisal is a core HRM function of an organization (Dulebohn and Ferris, 1999). Many organizational researchers accept the importance of performance appraisal. Likewise, Ilgen and Feldman (1983) contended that it is not possible for any organization to function successfully if it doesn't differentiate between good and poor performer in work settings. Moreover, PAS plays very important role in an organization because it gives sound base to record performance on a rating form, establishes mechanism for performance feedback, and justifies the decisions which are made on the basis of performance evaluations (Yeager, Rabin, and Vocino, 1985).

PAS allows an organization to evaluate its employees' behavior and achievements over a specific period of time (DeVries, Morrison, Shullman, & Gerlach, 1981). Moreover, it establishes a 'rational' mechanism for management to make various decisions regarding its employees' (Nurse, 2005). It creates performance feedback system between supervisor and employees (Mount, 1984). The primary goal of performance appraisal is to encourage employees

to change their behavior for performance improvement (Roberson & Stewart, 2006). This happens when supervisor coaches'/counsels employees, communicates performance expectations and motivates subordinates to perform optimally (Ahmed, 1999; Thomas and Brentz, 1994). Thus, an effective PAS not only accurately assesses performance level of employees but also develops employees to meet the future work force requirement of an organization.

On the other hand, ineffective PAS can be damaging for organization. Poorly managed PAS can cause various problems for organization, like, disputes among employees and management, anger in staff. Moreover, organization and supervisor both are perceived by employees as unfair and discriminating (Montague, 2007). Therefore, PAS should be carefully designed and properly implemented in work settings. Additionally, upper management should also make HR decisions fairly on the basis of appraisal ratings. So that employees could perceive that the system is not merely a formality, instead, it supports various important decisions in work settings.

#### **2.4.1 Approaches of Performance Appraisal**

Numerous techniques for measuring performance have been developed over the years. According to Gomez-Mejia (2001), Techniques of measuring performance of employees involve wide array of appraisal formats from which to choose. Here we discuss the formats that are most common legally defensible. These formats can be classified in two ways: (1) the type of judgment that is required (relative or absolute), and (2) the focus of the measure (trait, behavior, or outcome).

PA roots in the early 20th century and its existence consists of different approaches in its history. The three approaches that deal with PA are presented below. (Heneman and et.al. pp. 331)

- The traditional trait rating scale approach: involves rating an individual's personal traits or characteristics. Commonly assessed traits are: initiation, decisiveness and dependability. Although the trait approach is widely used by managers and it is generally considered by experts to be the weakest. It contains different method during application.
- Behaviorally anchored rating scale approach: is done on job –by-job basis. The steps in developing a behavioral anchored rating scale are both time consuming and rigorous. It contains different method, during application.

- Management by objectives approach: focuses on the product of one's efforts. It is the most common format for the results approach. Also, it contains different methods during application. (Heneman et al, 1996: pp.335)

#### **2.4.2 Responsible Body to Conduct PA**

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization are seriously affected. Tosi, Rossi and Carroll (1986) said (wrote) as follows:

“Performance evaluation by one's superior, groups of management at higher levels subordinated or peers. It has been department and for certain purposes, self-ratings are used.” Additionally, (Mathis and Jackson, 1997 pp: 347), also wrote as follows:

Again performance appraisal can be done by any one of familiar with the performance of individual employees. Possibilities are including the following. Supervisors who rate their employees, Employee who rate their supervisors, Team members who rate each other, Outsider sources, Employee self-appraisals and Multi-score (3600) appraisal.

#### **2.5 Performance appraisal elements and effectiveness**

Performance appraisal has increasingly becoming common and serves as a vital human resource practice in today's organizations. The practice that was once concentrated on control and maintenance based approach have somehow progressed towards an approach that is more engaged with growth, motivational and developmental concerns Dutra (2001) cited in (Ubeda & Santos, 2007), Obisi (2011). The effectiveness of an appraisal system depends on how well its purposes are understood, accepted and strived to be achieved by users. A favorable performance appraisal would have positive effects on employee attitudes, behaviors and organizational efficiency (Gardner, 2008) ;(Salleh et al., 2013). For example, higher employee performance and productivity attainment is derived through the performance appraisal capability in reflecting, measuring and evaluating an individual employee's behavior DeVries et al., (1981); Sarita (2012), collaboration, teamwork, knowledge reuse, and knowledge sharing competencies and accomplishments Kimiz, (2005) over a specific period of time. However, these positive

outcomes are a function of the employees' perception on the overall performance appraisal effectiveness Benson et al (2010). Past studies by and large separately focused on the six performance appraisal components as the source of perceived performance appraisal effectiveness variation among these critical organizational stakeholders.

### **2.5.1 Performance appraisal objectives**

As surveys show, the general objective of performance appraisal is primarily to improve an organizational efficiency. However, this efficiency is expected to be achieved through settings of a wider range of organizational objectives (McGregor, 1957; Mamoria, 1995, Atiomo, 2000, cited in Obisi, 2011) that reflects the source of perceived performance appraisal variation Scholtes, (1993). Due to confusion as to the true purpose of a system that attempts to achieve too many objectives, the system has the tendency to fail in meeting any of its objectives (Reneker and Steel, 1989). This appraisal system imperfection eventually allows the continuity of an appraisal that relies solely upon human information processing and judgment. Likewise, these vast conflicting objectives of an appraisal system has received increasing attention in HR literatures for so many years (Strebler et al., 2001), despite an orthodox appraisal that is expected to motivate employees through well-defined objectives with provision for training and development needs (Bach, 2005). Performance appraisals exist to merely assist an organization to make decisions on an employee, rather than to help him/her make personal decisions on his/her performance. By and large, what is typically communicated by the management is not what is actually rewarded.

Other harsh criticisms of impediments that are inherent in the appraisal process include mismatching of individual and organizational goals, individual goals or personal aspirations with future development that are not linked to long-term organizational goals or business strategies (Deming, 1986; Wilson and Western, 2000; Freeman, 2002) and disregard for institutional goals and objectives (Edwards & Calvin, 1998). By having a performance appraisal policy on paper is no guarantee that it will be followed accordingly (St-Onge et al., 2009). Thus, many of performance appraisal defects are intractable (Rees and Porter, 2004; Latham et al., 2005).

### **2.5.2 Performance criteria**

A second source of perceived performance appraisal variation originates from organizational performance appraisal criteria which are useful variables to measure individual work place behavior. In most organizations, what gets measured and rewarded is what employees do (Evans, 2003; Greene, 2002). Employees need to see performance criteria that are explicitly links to key results in their department and organization (Evans, 2003), upon which ratings to be obtained. Emphasis should be rested more on the quality of job performance because it acts in an anticipated manner (Lawler, 1967; Greene, 2002). Other criteria should include the particular types of behavior that are contingent upon the important job functions. According to an earlier researcher Grant (1955), the sufficient number of performance criteria to be considered is somewhere around three to five factors.

However, researchers explicate that the vital aspects of the work performed in each functional area and focus on the strengths and weaknesses of the individual that are due to the changing organizational environment and nature of jobs and roles (Wiese et al., 1998) are not “built in” to the practice of performance appraisal (Ebrahim et al., 2006). For example, in the era of knowledge economy, demands of knowledge production frequently place a premium on teamwork and flexibility (Wilson et al., 1994). Fairness perceptions are intensified when employees are held to performance standards that entail greater commitment and ownership of knowledge sharing activities (Rousseau & Shperling, 2003). Unfortunately, the greatest emphasis of performance appraisals in organizations is on individual responsibility for performance and least on team-based compensation system (Ebrahim et al., 2004; Zobal, 1998; Abosch and Reidy, 1996). Attitudes, and not just behaviors, that are pivotal for ongoing knowledge creation and dissemination also need to be an integral part of performance appraisal criteria (Liebowitz & Beckman 1998). Attitudes that align with principles of teamwork, collaboration, and stakeholder involvement should be appraised and rewarded.

### **2.5.3 Performance measurement/standard**

An effective performance appraisal exhibits the performance standard that is agreeable between the rater and ratee Bobko & Collela, (1994), and rating scales are able to provide descriptive and concrete definitions of the rating constructs, rather than being expressed in absolute terms

(Ghorphade et al., 1995; Martey, 2002). Lucid, precise performance standards, rather than vague or no standards, will improve the overall accuracy and effectiveness of an appraisal process (Kane and Russell, 1998). Any effective measuring instrument needs to provide relevant and sufficient measurement criteria to accurately describe significant behaviors required for successful job performance (Henderson, 1980). These measures must be amenable to scaling and be able to be weighted. Measuring knowledge workers' productivity (Bosch-Sijtsema et al., 2009) is difficult due to the complex and dynamic nature of knowledge work (Laihonen et al., 2012). It all depends on the nature of jobs that vary from routine to no routine (Pepitone, 2002; Laihonen, et al., 2012; Scott, 2005), their organizational and contextual factors, such as culture, strategy, leadership, fellow workers support, compensation structures and physical surrounding Chan (2007) and the quality of human resources that reflects skills and competencies Davenport (2005). Results-based measures are deficient in tapping aspect of performance as cooperation (Ghorphade et al., 1995) and less helpful for employee development (Cardy and Dobbins, 1994; Fisher et al. 1996).

The ineffectiveness of performance appraisal (Becker et al., 2001) in appraising workers' contributions to departmental goals (Ebrahim et al., 2004) are due to irrelevant, ambiguous and undefined measuring dimensions (Green, 1999; Martey, 2002); and lack of a performance appraisal system that effectively integrates all the key performance indicators in support of the organization's aims and objectives. Additionally, many appraisal systems are much too subjective (St-Onge et al., 2009; Benson et al., 2010). There has been little progress in improving the performance rating distortion (Ilgen et al., 1993; Cleveland and Murphy (1995). Organizations intentionally allow their appraisal systems to function ineffectively, perhaps indefinitely to avoid an open conflict because of its capability in stirring strong feelings and conflict in the organization (Rendero, 1980). Often, the goal of the rater is not to evaluate the performance of the employee, but to keep the employee satisfied and not to deleteriously influence employee morale. The manager also has to be concerned about his/her own image. Employees receive negative ratings reflects poorly on the manager (Kumari, 2012). It is unlikely that any managerial problem has so successfully resisted solution than arriving at an acceptable, useful and valid method of appraising performance. Organizations attempt to train the rater to improve observational skills Edwards and Calvin (1998); Kumari (2012), though the training

efforts are usually disappointing as their effects on appraisal accuracy dissipate over time (Latham, 1988; Cleveland & Murphy, 1992).

#### **2.5.4 Sources of appraisal**

Source of appraisal have consistently relied on subordinate-superior unilateral flow of information since the immediate superior may have sufficient stance to pass judgments on the subordinate's performance (Long, 1986; Storey, 1987; Ebrahim, 2005). This trend in today's matrix and flatter organizational structures has somehow moved towards multiple sources (Fletcher and Baldry, 2000; Costigan et al., 2005) that may come from supervisor, subordinates, peers, self, customers, suppliers, or other related sources (Byrne, 1993; McCarthy and Garavan 2001; Ebrahim et al., 2003). Multi-source or 360-degree feedback (Henderson, 1980; Ebrahim, 2005), along with self-appraisal, is suggested for perceived unfair appraisal practice or to correct errors from individually-based superiors' ratings (Deming, 1986) and teamwork assignment (Waldman, 1997; Barnes, 1997). Most recent studies claim this method brings about maximum employee motivation as well as providing the supervisor with a clear comprehensive and precise account on employee's contribution to the organization objectives (Amsler et al., 2001). Likewise, ratings by unfamiliar raters are discouraged so as avoid the "halo effect" (Drenth, 1984).

An effective performance appraisal is believed to be the ones with informal and formal feedback from a variety of sources. However, the number of appraisal sources used depends on organizational cost-benefit appraisal analysis. Managers who do not use "self-appraisal" cite it as not rigorous and accurate due to employee's poor objectivity and reliability on providing information on own ability, desire for self-enhancement (DeNisi and Shaw, 1977; Levine et al., 1977; Ebrahim 2005), as well as appraising themselves positively (Mohrman et al., 1989). Besides, they do not trust employees. On the contrary, "self-appraisal" essential contribution towards individual developmental needs is indisputable in numerous cases (Parry and Sinha, 2005; Van Der Heijden and Nijhof, 2004).

### **2.5.5 Performance appraisal feedback**

Cleveland et al. (1989) signifies that performance appraisal specifically provides quality feedback on strengths and weaknesses in determining training needs, transfers, assignment and potential for growth. These could be achieved through improved communication on three key areas pertaining to what and how observations on performance are made; why and how they are discussed and what determines the level of performance in the job (Edmonstone, 1996). Individuals want, and seek, timely, useful and accepted feedback on their performance that can help individual make great progress toward optimal performance (Coens & Jenkins, 2001). Regardless of the rating given, the superior and his subordinate through an open effective communication should make an effort to identify areas where improvement can be made for effective performance (Ritter & Nunnally, 2002). This informal relationship should be made common activity or as frequent as possible so as to have a performance appraisal system that reaches valid conclusions.

In an extensive review of the literature on the application of feedback in organizations, Earley et al. (1990) distinguished two types of feedback: outcome feedback and process feedback. The former concentrates on providing information on specific performance outcomes, and the latter provides information on the manner in which an individual implements a work strategy. The researchers found that process feedback interacted with goal-setting more strongly than outcome feedback in determining the quality of task strategies developed by workers, their efforts to obtain information beneficial to improving their performance, appraisal satisfaction and perceived appraisal accuracy (Lam & Schaubroeck, 1999). Despite the benefits offered by the performance appraisal feedback, there emerge another major and growing concern expressed by employees on unqualified manager and their failures to provide complete, appropriate or constructive feedback about employee's job performance and improvement areas (Rao, 1984, cited in Obisi, 2011; Kavanagh, 1997). They were not even aware of the feedback objectives and had not been provided with guidelines and instructions on how to complete the forms (Martey, 2002). While the ideas of providing training to them are theoretically sound, the evidence that the organizations concerned are taking major corrective action to eliminate these concerns is rather weak. Practically, the amount of time for this exercise is too demanding.

### **2.5.6 Frequency of performance appraisal**

A large proportion of organizations conduct appraisal on a yearly basis (Freemantle, 1994; Ebrahim 2003), though most employees believe that objectives could not be realized by an annual performance appraisal. Besides, both employees and supervisors might not be able to remember what happened throughout the year due to their selective memory. As studied by Boice and Kleiner (1997), evidence strongly suggests that performance reviews should be performed on a frequent and ongoing basis to avoid surprises at an annual review. Moreover, a study by Geetha (2013) further alleges that employees are unhappy when there is no periodical or routine feedback from their superiors. Besides, frequent performance appraisal has become a common activity in exceptional organizations (Quinn et al., 1996a).

Other appraisals vary from annually with interim reviews, to annually with monthly/quarterly reviews and annually with six to eight weekly reviews. Nonetheless, Fisher (1994) explains that the frequency of performance appraisal is an arduous dimension to argue due to the ambiguity of the distinction between an appraisal meeting and a regular daily discussion about work between a superior and a subordinate. In general, the problem of frequency has always been one of the major limitations of any formal approach to performance appraisal. Too long an interval between each appraisal might results in its contents lose relevance and risk artificiality, whereas, too short an interval might result in the process to become too time-consuming (Freemantle, 1994). Evidently, the actual time period varies in different organizations and with different aims (Boice and Kleiner,1997). However, a typical frequency would be bi-monthly or quarterly.

## **2.6 Challenges of Performance Appraisal**

Supervisors and employees generally have ambivalent attitudes, at best, toward performance appraisal (Cederblom & Pernerl 2002). Although most would recognize the perceived benefit, in principle, of documenting, communicating, and setting goals in areas of performance, many are also frustrated concerning the actual benefit received from performance appraisal in their organizations. The benefits and rewards of performance appraisal appear to be often overstated (Longenecker & Nykodym, 1996). Nickols (2007) suggests that “the typical performance appraisal system devours staggering amounts of time and energy, depresses and demotivates people, destroys trust and teamwork and, adding insult to injury, it delivers little demonstrable

value at great cost” (p. 13). The findings of several studies addressing the challenges of performance appraisal and the consequences of performance appraisal that is not done well are summarized below. Oberg (1972) mentions several pitfalls that are common to performance appraisal systems: (a) they demand too much from supervisors, (b) standards and ratings vary widely and sometimes unfairly, (c) personal values and bias can replace organizational standards, (d) employees may not know how they are rated due to lack of communication, (e) the validity of ratings is reduced by supervisory resistance to give the ratings - particularly negative ratings, (f) negative feedback can demotivate employees, and (g) they interfere with the more constructive coaching relationship that should exist between superiors and their employees. Bretz, Milkovich, and Read (1992) found that organizations continue to do things that undermine the effectiveness of the appraisal process. Little time is spent on the appraisal process, raters are not trained and are not held accountable, and the employee’s role in the process is overlooked along with potentially valuable sources of performance information from the employee, peers, and subordinates.

There are several challenges which arise in the practice of performance appraisal activities:

1. The main issue in the practice of performance appraisal activity is the fairness of the valuation decision. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system.
2. One of the factors that contribute to employee’s dissatisfaction is that raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because bias, unfairness and unreliability may occur. Although there is a formal evaluation form and a set of standards to be followed, employees seem not to trust the tools of evaluation.
3. There is an issue of subjectivity in the performance evaluation in the public and private sector. Although it is written in black and white to be as objective as possible, however, during the implementation of performance appraisal, the evaluation becomes subjective. The subjectivity of the evaluation discourages employees on supporting the measurement

of performance appraisal. Therefore, the objective of the performance appraisal is not achieved.

4. The quota system practiced in certain organization also creates dissatisfaction among employees. Only a small portion of the employees will get salary increment either vertically or diagonally. Therefore, although the employees may perform well, they might not get a reward because it depends on the quota system. This will lead to a decrease in work performance, self-esteem and loyalty to the organization.
5. The appraisal decision nowadays is confronted with a great deal of criticisms and comments from the employees and their unions. There are several issues being put forward such as the raters' ability, accuracy of the system, fairness, discrimination, quota system and other aspects.
6. Performance appraisal should suit the organization's culture. Research findings strongly suggest that multinational company's manager should carefully design the appropriate system for foreign operation based on the different cultural factors of the country.

## **2.7 Problems of Performance Appraisal**

It is much easier to find problems in doing PA than to find solutions or suggestions for improvement. PA systems have been criticized in many areas. It would seem that the present problems could be ascertained by surveying the research and practitioner literature about PA.

The problems found in present performance appraisal systems can probably be reduced to four categories. The categories are problems with: 1) the **purpose** of PA, 2) **those involved** with PA, 3) **what is measured and how**, and 4) the **system and process** of PA. The major complaints within each of these areas should provide a clearer understanding of the PA dilemma.

### **2.7.1 Problems with the Purpose and Goals of PA**

It is generally conceded that there are two main purposes of a PA system: 1) Developmental and 2) Administrative (Kondrasuk, Crowell, Dillon, Kilzer, & Teeley, 2008). One stated goal of PA is to learn what the employee is/is not doing as well as possible and help the employee to

improve her job performance. This is basically a counseling or guidance role that the evaluator plays in this role. The second goal or purpose is to use the PA results to help make administrative decisions such as if and how much to award in pay increases, what training is necessary or helpful to improve employee performance, and other uses such as test validation criteria. This second goal places the evaluator in the role of judge. Roberts (1998) states that the supervisor needs to achieve both goals. However, trying to achieve both goals can create a conflict in the evaluator and appraisee. It is very difficult for the supervisor to concurrently be a counselor/guide while trying to be a judge at the same time. An evaluatee is likely to be very open and admit shortcomings to a counselor who could help him but NOT be candid to a judge who may cut his pay raise or reduce his promotional opportunities...or fire him! Evaluators may feel they are placed in conflicting roles by having to be both a coach and a judge of subordinate performance (Eichel, and Bender, 1984; Grote, 1996).

Another issue with the purpose of performance appraisals is inconsistent evaluator perceptions. Inconsistent perceptions as to the purpose of the performance appraisal can throw the entire performance appraisal system off. If evaluators have different views on the purposes of their specific performance appraisal, the process will be conflicting, as well as what to do with the results. A supervisor who believes that the purpose of the appraisal is to determine which team members need to develop additional skills to better achieve organization goals may conduct the appraisals in a completely different way than a supervisor who believes the purpose of the appraisal is to determine which employees deserve a raise. It gets even more problematic when we add in more participants. For instance, an additional problem in this area occurs when the appraiser and evaluatee both have different, conflicting views of the purpose of the PA.

### **2.7.2 Problems with who is Involved in PA**

There generally are three categories of people involved in PA: 1) appraisers, 2) evaluatess, and other users. The evaluator can be a variety of individuals or groups of individuals. Traditionally, the evaluatee's direct supervisor evaluates the individual because she/he is in the best position to observe the behavior and evaluate (Kondrasuk, Riley, & Hua, 1999). However other approaches may also be used so that "the evaluator" could be an employee's peer, subordinate, customers or

any person the appraisee interacts with. Regardless of who does the evaluation, they need the support of the total organization.

When reading through the research conducted on performance appraisals, a major issue that arose time and time again was the integration of the PA within the organization's daily functions and overarching ideology. Without the full support of integrating the PA process from the top all the way down, the PA has no chance of being implemented successfully. If the organization lacks commitment to the process of performance appraisals, then evaluators do not take the process seriously enough (Roberts, 1998; Eichel, & Bender, 1984; Grote, 1996). When performance appraisals are used as a mechanism of power, domination, or control over underlings, the individual growth and the effectiveness of the PA system deteriorate (Roberts, 1998; Neck, Stewart, and Manz, 1995; Wilson, 1991; Eichel, and Bender, 1984; Grote, 1996).

If those who are involved do not have sufficient skills to conduct PA, the results will be less than ideal. Evaluators are frequently not given the necessary training to perform the PA effectively and consistently (Roberts, 1998; Wilson, 1991; Fletcher, 2001; Vinson, 1996; Neck et al; Gray, 2002; Odiome, 1985; Eichel, and Bender, 1984; Grote, 1996). One specific example of appraisal ineptitude is seen in the way performer behaviors are vaguely determined or not weighted properly in the process (Fletcher, 2001; Eichel, and Bender, 1984; Grote, 1996). Evaluatees are seldom trained in the PA process or their requirements in it. Also, upper management seldom is trained properly in how to use this data for organizational improvement (Roberts, 1998).

### *Biases*

The most common defect in the evaluator's role of effective performance appraisals is supposedly caused by personal bias. Common biases include: Central tendency, leniency, severity, recency effect, primacy/first actions effect, favoritism, halo or horns effect, attributional bias, giving evaluations/ratings to justify prejudged actions (e.g. pay raise), and the Hawthorne Effect. Personal bias is apparent in different ways. Evaluators may simply give satisfactory or unsatisfactory appraisals to individuals who do not deserve them (Roberts, 1998; Gray, 2002; Fletcher, 2001). Favoritism and subjectivity play a major role in these undeserved appraisals (Roberts, 1998; Kane and Kane, 1992; Bernardin, Croke, and Villanova, 2000; Gray, 2002; Crow, 1996; Eichel, and Bender, 1984; Grote, 1996). When an evaluator appraises someone who

they like, they may be more apt to give them a superior evaluation than someone they do not like. Leniency may also play a role in unreliable performance appraisals (Roberts, 1998; Bernardin et al., 2000). Instead of dealing with evaluatees who may be difficult to reprimand, an evaluator may rate them less badly in hopes of avoiding the wrath of the difficult persons. Leadership styles, personality, mood characteristics, and personal disposition can cause fluctuations in the effectiveness of performance appraisals (Neck et al., 1995; Villanova, Bernardin, Dahmus, and Sims, 1993; Fletcher, 2001). An evaluator's propensity to allow personal bias into the process of giving performance appraisals will cause problems in the effectiveness of the system.

### *Evaluatees' Perceptions*

The perceptions and expectations evaluatees have of the PA process may be a significant inhibitor of PA success. Evaluatees often refuse to agree to PA approaches and conclusions because they do not meet their expectations of the process (Blau, 1999; Roberts, 1998; Fletcher, 2001; Eichel, and Bender, 1984; Grote, 1996). When evaluatees do not observe fairness and trust in the process of performance appraisals, they are quick to deny the importance of the system (Wilson, 1991; Roberts, 1998; Blau, 1999; Eichel, and Bender, 1984; Grote, 1996). Furthermore, evaluatees may argue with the evaluation if it does not match the results of past satisfactory performance appraisals (Gray, 2002; Neck et al., 1995). It appears that some evaluatees are often reluctant to take the evaluation process seriously (Vinson, 1996; Kondrasuk et al., 1999). In many instances, PA systems do not provide for effective communication. For example, some evaluatees feel they are given inaccurate information on the performance criteria (Roberts, 1998; Gray, 2002; Crow, 1996; Vison, 1996; Fletcher, 2001). Appraisals are made weighting behaviors evaluatees did not know were essential for satisfactory appraisal (Roberts, 1998; Eichel & Bender, 1984; Grote, 1996). At the conclusion of a performance appraisal, many times evaluatees are not given directions on how to use this feedback to perform future work (Vinson, 1996; Neck et. al., 1995; Fletcher, 2001; Eichel, and Bender, 1984; Grote, 1996). Additionally, even if instruction is given for performance, evaluatees may express dissatisfaction with the amount and the type of feedback they receive (Roberts, 1998; Eichel and Bender, 1984; Grote, 1996). It appears that many evaluatees feel uncomfortable because they have little or no opportunity to influence the process of performance appraisal (Fletcher, 2001; Wilson, 1991;

Eichel and Bender, 1984; Grote, 1996). In order to develop a working PA system, the lack of subordinate support must be addressed (Gray, 2002; Crow, 1996; Kondrasuk et al., 1999; Eichel and Bender, 1984; Grote, 1996).

### **2.7.3 Problems with what is Measured and How**

For performance appraisals to be effective for an organization, employee's individual goals must work to achieve the bigger goals of the organization. Many firms use inappropriate assessments because they do not use the correct tools for designing the system. The two basic considerations in designing the actual appraisal tool are what to measure and how to measure it (Dessler, 2011). What to measure refers to the way in which to measure the employee's performance, such as quantity, quality and timeliness of work. It may also be measured in respect to developing one's competencies or achieving one's goals. In terms of how to measure it, there are various methodologies that are available for implementation (Ibid).

When designing a PA, one must first answer the question of what should be measured. Assessing employee performance is a very difficult task. While employee performance in some jobs, such as selling shoes in a shoe store, is clearly measurable, assessing performance in many other professions, such as that of a nurse, can be less evident. In general, we can measure traits, behaviors, and results.

There are various techniques to measure an employee's job performance. Evaluators can use graphic rating scales, forced distributions, and ranking (paired comparison, alternation, straight) to measure traits. They can use critical incidents, narratives, BARS, BOS, and electronic monitoring to assess behaviors. They can use MBO to assess results. For instance, Thomas and Bretz (1994) stated that an MBO instrument was by far most common for assessing the job performance of both managers and non-manager exempt personnel. The appraisal instrument for non-exempt employees varied from MBO (31%) to graphic rating scale (32%) to "other" (23%). However, how to choose the instrument for a particular situation and how to score a combination of instruments is problematic.

#### **2.7.4 Problems with the System and Process of PA**

As Russell and Russell (2011) recently pointed out about performance management (and applies to PA as a system), it is a process and not a single event—a format and not a form. The process/format area of concern includes all the doubts about the purpose, process, and outcomes of performance appraisals. When reading through the research conducted on performance appraisals, a major issue that arose time and time again was the integration of the PA within the organizations daily functions and overarching ideology. Without the full support of integrating the PA process from the top all the way down, the PA has no chance of being implemented successfully. Some critics maintain that there is a lack of resources provided by the organization to adequately institute the process (Roberts, 1998). Furthermore, the assessments made by management are often not comparable across the organization (Roberts, 1998; Bernardin et. al., 2000; Fletcher, 2001) and do not fit into the pre-existing job descriptions and developmental and administrative systems established by the organization (Eichel, and Bender, 1984; Grote, 1996; Roberts, 1998; Fletcher, 2001). An organization's goals are not always considered when a PA system is designed (Roberts, 1998). Another apparent challenge for PA to be effective is that they are not given enough time to be completed (Roberts, 1998; Kondrasuk et al, 1999). The process may be measuring a person, rather than performance (Kane and Kane, 1992). Or, appraisals may be set to assess jobs that have immeasurable outcomes or abstract natures (Wilson, 1991; Roberts, 1998). Another problem with typical PA systems is that they only seem to accurately and reliably measure extreme performances and do not reliably differentiate middle-range performances (Roberts, 1998; Kane & Kane, 1992). Behaviors may not be weighted properly to give an accurate evaluation of an individual's overall performance (Eichel, and Bender, 1984; Grote, 1996). In sum, many PA systems have low reliability (rating errors), which must be taken into consideration when analyzing them for their efficacy (Roberts, 1998; Kane and Kane, 1992).

##### *Time and Timing of PA*

A big issue regarding the PA process that has caused much trouble has been the issue of timing. When does one conduct the PA? Yearly? Half yearly? Performance Appraisals take time. There is not always enough time to allow for a full appraisal of an employee even semi-annually. Most

firms schedule their appraisals according to either when an employee was hired or at a set date for all employees such as at the end of the year. Rating employees according to the date they were hired allows managers to allow enough time to pass in order to have a productive appraisal. Opposed to that, rating all employees at the same time, sometimes called the focal point method, allows managers to compare employees to each other more easily and make broad changes in the direction of individuals and the entire firm (Grote, 2002). Ideally the PA would be conducted more often than they are in most businesses. In most cases any meeting between a manager and a subordinate is helpful to the firm and can increase productivity, but the fact of the matter is that managers and employees are busy with their work and end up putting performance appraisals on the back burner so to speak.

Another problem with the PA deals with the decision of when to bring in new objectives. An evaluator may believe that the evaluatee should be given new objectives to further advance their progress or working success, but when and where to introduce these objectives is unclear. Much of what causes the problem here is that the appraisal allows for feedback, but does not distinctly give a time and place to create and set new objectives. Both the evaluator and evaluatee may deem it necessary to be done at different times and in different ways, which ultimately generates an unsettling problem.

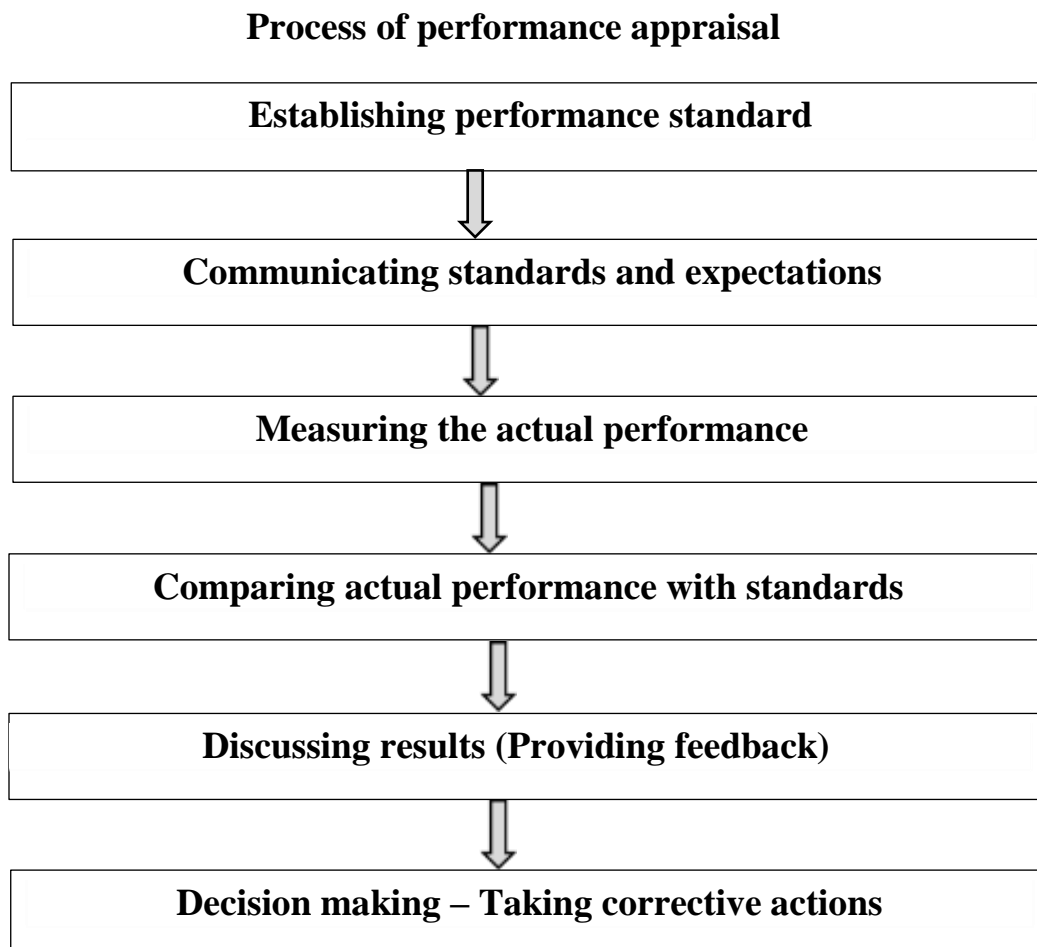
### *Use of Results*

A big problem with the PA is deciding what to do with the information gathered from the appraisal. Without proper implementation of results, the appraisal is useless. A major issue with results is that managers may go through the entire process and ignore the results all together (Allen, 1994). Over time, the system will lose whatever credibility it may have had. Another issue with results is deciding how to effectively use the information gathered on the employee. In other words, what will happen to the employee based on the results of the evaluation. Once the evaluation is completed, it is unclear what the managers should do with the results. If the evaluatee receives a good appraisal, should the evaluatee receive a pay increase? If the evaluatee receives a bad appraisal, should they be fired or demoted? Because there is a lack of standardization most managers don't know how to go about implementing the results. So let us look at what authors have recently been suggesting to rectify these problems.

## 2.8 Conceptual Framework

The process of performance evaluation begins with the establishment of performance standards, followed by communicating the standards to the employees because if left to themselves, would find it difficult to guess what is expected of them. This is followed by measurement of actual performance and then compare the actual performance to the performance standard set and discuss the appraisal outcome with the employee and if necessary, initiate corrective action.

The conceptual framework of the study is presented in the Figure 2.1 below.



Source: David A. Decenzo and Stephen P. Robbins (2005)

## **Conceptual definitions**

### **Stage 1: Establishing performance standards**

The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

### **Stage 2: Communicating the standards**

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to the employees. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

### **Stage 3: Measuring the actual performance**

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

### **Stage 4: Comparing actual performance with desired performance**

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

### **Stage 5: Discussing results [Feedback]**

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees and help them to motivate for better performance but not to demotivate. Performance feedback task should be handled very carefully as it may lead to emotional outburst if it is not handled properly. Sometimes employees should be prepared before giving them feedback as it may be received positively or negatively depending upon the nature and attitude of employees.

### **Stage 6: Decision-making**

The purpose of conducting employee performance appraisal is for making decisions about employees without any bias by the HR manager. Decision-making by HR managers about employees rewarding, promotions, demotions, transfers and sometimes suspensions/dismissal of employees are depended upon the employee performance appraisal. The decision taken by HR manager should match exactly with performance appraisal results of employees to avoid grievance or disturbances in between them, as they affect overall performance of the organization.

**CHAPTER THREE:**  
**RESEARCH METHODOLOGY**

**3.1 Introduction**

The main objective of the study is to assess and explore the current practice of performance appraisal and challenges in Branna Printing Enterprise. In order to achieve the objective of this paper, using of appropriate methodology that helps to approach the research scientifically is the priority attention given by the researcher. Therefore, this chapter includes research design, sample and sampling technique, instrument for data collection, procedure of data collection, method of data analysis, and ethical issue.

**3.2 Research Design**

According to Geoffrey et al, 2005 descriptive research is a research type which describes phenomena as they exist and it is used to identify and obtain information on the characteristics of a particular problem or issues. By using descriptive research method, it enables to use various forms of data as well as incorporating human experience which allows the researcher to look the study in so many various aspects and provide bigger overview about the subject matter.

Based on the above definitions descriptive type of research design was best to achieve the aim of this research since the study is focus on assess of performance appraisal practice and challenges in Branna Printing Enterprise. This design was particularly important for the study because it helps to describe and interpret the actual events that exist now and existed in the past and that have influences on the present performance appraisal system of BPE.

After the required data were collected, it was processed, and analyzed by using Statistical Package for the Social Sciences, (SPSS). To gain a better understanding by obtaining data from different sources, such as interviews, questionnaire and secondary data which helps to harnesses diverse ideas about the same issue and assist in cross-checking the results, and consequently helps to increase the validity, reliability of the findings and data analysis.

### **3.3 Sources of Data**

Sources of data for the study are both primary and secondary. The primary source of data was collected through questionnaire from BPE employees by using simple random sampling method and purposive sampling method. The questionnaires contain Likert five scale ratings. It was best to collect data from a large number of respondents with reasonable cost and relatively short time.

The qualitative type of data was employed to get reliable information to support the quantitative data regarding the specific objectives of the study through interview. Hence, semi structured interview was made with Human Resource team leader to enhance the reliability of information. Interview with HR coordinator made using purposive sampling method. Secondary data was gathered from published and unpublished theoretical literatures and empirical studies. This helped in understanding and the analysis of the data from each source.

### **3.4 Sample size and Sampling Technique**

The population considered for this study consists of all management staff and employees of BPE. There are 314 employees working at BPE including those who are working at Branches. BPE is structured with one core process and four support processes with a total of 305 employees at head office. Out of 305 employees 221 of them are working under the core process and the rest 84 are working under support process. The sampling technique used for this study is simple random sampling by taking staff who work in all support and core processes of the organization. This method is used to give equal chance to the population to make sure the representativeness of the data and also to ensure the representative of all characteristics of the population which it is not considered by the researcher. In addition, purposive sampling technique will be implemented for those who are directly responsible with performance appraisal system. It is the researcher belief that using this method will enable to have in-depth knowledge from those who are in a position to give about the practice of performance appraisal system at BPE. By considering the above sampling method from the whole population found at BPE both at core and support process, 92 staff which is 30% of the population will be taken as a sample size to fill the designed questionnaire.

There are several approaches to determine the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size (Glenn 1992).

From the four aforementioned sampling possibilities the researcher uses a sample size of similar study conducted by (MELAT YELMA) using this tool. It is the researcher belief that using this method will enable to have sufficient knowledge from the practice of performance appraisal system at BPE. It was also preferred because it gives better sample size than the other suitable approach using published tables with  $\pm 10\%$  Precision Levels Where Confidence Level is 95% and  $P=.5$ . Samples were taken by assigning a number to each employee in the population and using a random number table to generate the sample list. The database was used to obtain a list of all members.

**Table 3.1 Population of the Study**

Category	Core Process	Support Process	Total Population Size	Sample size selected
General Manager	-	-	1	
Managerial Staff	1	3	4	2
Team Leaders	4	3	7	3
Experts	1	5	6	2
Coordinators	8	4	12	4
Professionals	90	12	102	30
Other Support Staff	13	56	69	21
Factory Workers	104		104	30
<b>Total</b>	<b>221</b>	<b>84</b>	<b>305</b>	<b>92</b>

Source: BPE Human Resource Division

### **3.5 Data Collection Methods**

Data was collected by way of a survey questionnaire. Research questionnaire used was adopted from (CHEMEDA DIRIBA) conducted similar research using this tool, thus, the measurement instrument is adopted. Interview was conducted with the human resource team leader and coordinator of the enterprise. The questionnaire uses scaled questions (Likert scale). The advantages of using the Likert is that it is simple to construct (especially for the self-created questions), easy to read and complete, it is likely to produce a high reliable scale and provides more variation responses. Accordingly, 5 point Likert scale items are prepared for respondents because it will be helpful for the researcher to know the respondents' feelings. The questionnaires are employed to express their feelings, perceptions, problems related to performance appraisal practices in the organization. The questionnaire had six parts to obtain the necessary information about the standards, communicating, measuring, comparing, feedback and correcting actions.

### **3.6 Methods of Data Processing and Analysis**

After collecting the required data, Statistical Package for the Social Sciences (SPSS) version 17 will be used for the purpose of processing and analysis of the results. Descriptive statistics based on tables will be used to analyze information on all factors/variables including respondent personal information. Likert scale; measurement will be used on the basis of the survey; 5=strongly agree; 4=agree; 3=undecided (indifferent); 2 = disagree; 1=strongly disagree. It is best to collect data from a large number of respondents with reasonable cost and relatively short time. The variables will be analyzed by using frequency counts, percentages, mean values and standard deviation. Finally, information obtained through questionnaire, and document review will be analyzed and interpreted.

### **3.7 Ethical Considerations**

It could not be ethical to access some confidential documents of the organization. Therefore, the organization's code of ethics was taken in to account without significantly compromising findings of the study. Also it may not be ethical to ask employees to answer questionnaires while

they are at their work responsibility. Hence, enough time was given to respondents so that they can either take the questionnaire to their home or use their break time.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter consists of two parts. The first part shows on the demographic characteristics of respondents that include personal & professional characteristic. The second part deals with the presentations, analysis and discussion of the major findings in description of the basic questions that were analyzed based on the response obtained from the employees, Moreover, for better triangulation of the information obtained, interview were made with the HR focal persons.

#### 4.1 Demographic Characteristics of Respondents

A total of ninety-two copies of the questionnaire were distributed to the respondents. Out of these questionnaires eighty-five returned, which is 92% response rate and regarded as adequate to investigate the study.

##### 4.1 Gender and age distribution of respondents

Variables		Frequency	%
<b>Gender</b>	Male	45	52.9
	Female	40	47.1
<b>Age</b>	18-30	14	16.5
	31-40	33	38.8
	41-50	31	36.5
	51 and above	7	8.2
<b>Educational Background</b>	Grade 10 and below	2	2.4
	Level I	2	2.4
	Level II	1	1.2
	Level IV or Diploma	61	71.8
	First Degree	18	21.2
	Second Degree	1	1.2
<b>Work Experience</b>	1-3 years	3	3.5
	4-5 years	11	12.9
	6-10 years	21	24.7
	11-15 years	22	25.9
	More than 15years	28	32.9

Source: Survey Questionnaire

Table 4.1 shows the demographic characteristics of Branna Printing Enterprise employees under study regarding sex, age, qualification and year of service. As a result, regarding sex 52.9% and 47.1% of employees are males and females respectively. With regard to the age of respondent, 16.5% are below 30 years and 8.2% are above 50 years. Most of them are age groups of 31-40 years of age which accounted 38.8%, the rest are age groups of 41-50 which accounted for 36.5%. This shows they are matured enough to equipped the researcher with all the necessary information.

In relation to qualification of respondents, the majorities 71.8% are Level IV (Diploma), 21.2% are bachelor degree and 1.2% are master's degree holders. Therefore, it is possible to conclude that the information obtained from them can be considered as a reliable and reasonable due to their academic background.

Concerning to the years of service, the majority of employees 32.9% are more than fifteen years of years of experience, while 25.9% and 24.7% are within 11-15 years and 6-10 years respectively the rest 3.5% are below 3 years. This indicates that such ample years of service in the enterprise is adequate enough to reply to the various issues raised concerning the practice of performance appraisal in Branna Printing Enterprise.

## **4.2 Data Analysis on Performance Appraisal Practice**

This is the second part of the chapter that deals with the presentation, analysis and interpretation of data on the assessment of performance appraisal practice and challenges in Branna Printing Enterprise.

These research questions were approached by using the questionnaire based on the Likert Scale, which studied the attitudes of the respondents and informant employees regarding human resource performance appraisal practice under the study. Five point Likert scale from very high or strongly agree=5 to very low strongly disagree=1 were used. To perform, five major items have been identified in the study and the response were presented, analyzed and interpreted in table items.

The responses were scaled from 5 to 1, where 5 indicated strongly agree, 4 indicated somewhat agree, 3 indicated neutral/undecided, 2 indicated somewhat disagree and 1 indicated strongly disagree. To make easy interpretation, the following ranges of values are assigned to each scale: 1.50 or less Strongly Disagree; 1.51- 2.50 = Disagree; 2.51- 3.49 = Neutral; 3.50 – 4.49 = Agree; and 4.50 and greater = Strongly Agree.

According to the tool used in the study, the researcher identified the following as the main practice of performance appraisal practices and their percentage.

#### **4.2.1 Performance Appraisal Practice in Branna Printing Enterprise**

According to the information from human resource department office of Branna Printing Enterprise the practice of performance appraisal is described as follows.

**Appraiser:** According to an interview held with Human Resource Management Team Leader the performance of employees in BPE was appraised by employees' immediate supervisors.

**Frequency of the Appraisal:** According to the interview conducted with HRM Team Leader the performance appraisal of the enterprise is conducted bi-annually, at the end of December and June.

**Techniques used for performance appraisal:** As per the interview held with HRM Team Leader of the enterprise, appraisers were given format to appraise employees. The format contains eight sets of characteristics like, Knowledge of the job: the extent to which employees possess the practical knowledge and experience to for the job, ability of performing assigned job, and ability to demonstrate the knowledge acquired through education, efforts to develop knowledge. Quality and efficiency of work: ability of performing assigned job qualitatively, ability of performing duties assigned within given time/ or submitting when required, ability to perform job carefully, willingness to accept criticism. Concern for resource: concern for caring and keeping the enterprise's property, concern for cleaning environment, concern for avoiding hazards. Ability of using working hours: meeting entrance to the job and exit from the job during the time given, obligation to performing only organization's task during working hours and attending job regularly. Ethics: efforts to genuinely caring for morale of other coworkers, working in harmony with coworker genuinely, working with supervisors' in harmony by

accepting order. Accepting responsibility: willingness to accept responsibility, ability of performing duties assigned, ability of doing work without control, self-initiation, ability to resolve problems in countered while job in process. Decision making: ability to analyse information, ability to generate information useful for decision, efforts to genuinely caring for morale of other coworkers. Leading and controlling: acceptance by employees, ability to give instruction and delegation, ability to motivate subordinates, ability to fulfill human power and resource timely.

**Table 4.2 grade levels of performance appraisal in Branna Printing Enterprise**

<b>Performance</b>	<b>Grade</b>
Less than 60	<<Poor>>
From 61 to 70	<<Satisfactory>>
From 71 to 90	<<Good>>
From 81 to 90	<<Very Good>>
Greater than 91-100	<<Outstanding>>

*Source: Collective agreement of BPE.*

#### **4.2.2 Establishing performance standard**

According to David A. Decenzo & Stephen P. Robbins (2005), performance appraisal has six stages which begin with establishment of performance standards in accordance with the organization's strategic goals. These should evolve out of the company's strategic direction and, more specifically, the job analysis and the job description. These performance standards also be clear and objective enough to be understood and measured. The expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to, at some later date, communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards.

**Table 4.3 Establishing performance standard**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	Performance is evaluated as per pre-established	2	2.4	13	15.3	20	23.5	38	44.7	12	14.1	2.47	.995
2	The performance criteria / instruments used to measure my performance are clearly defined and objective.	1	1.2	12	14.1	25	29.4	36	42.4	11	12.9	2.48	.933
3	The performance evaluation criteria used in the enterprise is capable of measuring my true performance.	2	2.4	12	14.1	15	17.6	43	50.6	13	15.3	2.38	.988
4	The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job.	6	7.1	8	9.4	15	17.6	45	52.9	11	12.9	2.45	1.063
5	The performance evaluation criteria used to evaluate my performance is capable of distinguishing effective from ineffective performers.	3	3.5	12	14.1	22	25.9	35	41.2	13	15.3	2.49	1.031
6	I am informed and reach on an agreement with my supervisor about the criteria that will be used to evaluate my work.	6	7.1	6	7.1	18	21.2	42	49.4	13	15.3	2.41	1.061
<b>Grand Mean</b>												<b>2.45</b>	<b>1.012</b>

Source: Survey Questionnaire

5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree

On the first question respondents were asked about their level of agreement whether performance is evaluated as per pre-established standards. Accordingly, majority of the respondents which is (58.8%) replied disagree and strongly disagree, (23.5%) remain neutral and a total of (17.7%) respondents agree and strongly agree on their agreement with performance is evaluated as per pre-established standard. From the respondent's response it can be understood that performance appraisal is not conducted against the pre-established criteria and the awareness about the pre-established standards is not the same in all employees. Furthermore, a mean = 2.47 and standard deviation indicates= .995 disagreement among the respondents for the variable.

According to David A. Decenzo & Stephen P. Robbins (2005), performance standards be clear and objective enough to be understood and measured. The expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to, at some later date, communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards.

The next question which was forwarded to respondents was about clearly defined and objective criteria/instrument used to measure performance of employees. As a result, (55.3%) of respondents replied they didn't know about the performance criteria used, (29.4%) remain neutral and (15.3%) of respondents agreed that performance measurement criteria are clearly defined to them. From the responses a large number of respondents have negative agreement. The mean value 2.48 and standard deviation .933 of respondents also signifies that respondents were disagree with the idea. Therefore, performance evaluation criteria should be clearly defined equally to all level of employees from the higher to the lower.

To seek further information about it, interview was conducted with human resource department team leader and his response was: the criteria were not clearly defined based on the employees' job and he believes that the criteria used are not objective oriented. He also noted the criteria used in the enterprise has never been changed since 1984 E.C, when the enterprise was established and needs revision.

According to Enans (2003), employees need to see performance criteria that are explicitly links to key results in their department and organization, upon which ratings to be obtained. The

perceptions and expectations evaluatees have of the PA process may be a significant inhibitor of PA success.

Respondents of the study were also asked about their level of agreement whether performance evaluation criteria are capable of measuring true performance. Accordingly, majority of the respondents which is (65.9%) replied disagree and strongly disagree, (17.6%) remain neutral and a total of (16.5%) respondents agree and strongly agree on performance evaluation criteria are capable of measuring true performance. From this finding along with mean=2.38 and standard deviation=0.988 indicate an average response of disagreement, it is possible to know that the employees of BPE do not believe the performance evaluation criteria used to measure their performance was not capable of measuring their true performance.

The response from interview conducted with the human resource team leader was not far from that description of the table above. And it is possible to argue that the criteria to appraise employees' performance are not capable of measuring the actual performance of the employees in BPE. According to Henderson (1980), any effective measuring instrument needs to provide relevant and sufficient measurement criteria to accurately describe significant behaviors required for successful job performance. These measures must be amenable to scaling and be able to be weighted.

The fourth item was about whether the performance evaluation form is customized based on job characteristics. As a result, (16.5%) agree on their agreement on evaluation form is customized based on job characteristics, (17.6%) of the respondents are neither agree or disagree and (65.8%) of them disagree and strongly disagree on the subject matter respectively. Furthermore, a mean value of 2.45 and standard deviation of 1.063 indicates an average response of disagreement among the respondents for the variable. In this regard majority of the respondents believe that the form used for evaluation is not customized based on the characteristics of their job. Therefore, it is possible to conclude that there is no practice of customizing employees 'performance appraisal forms to the characteristics of employees' jobs, even if some respondents believe its existence.

In addition, through the interview conducted with human resource management team leader, he expressed that there is no practical experience to customize job according to the characteristics of

jobs in the enterprise. As a result, no practice of customizing employees' appraisal to the characteristics of their jobs exists, as there is only one form standardized to all jobs used from the date of establishment. According to literature customizing forms to be used for appraising employees' performance needs to be on the basis of characteristics of job those incumbent job holders. The criteria should include the particular types of behavior that are contingent upon the important job functions.

Concerning the capability of performance evaluation criteria to distinguish effective from ineffective performers (56.5%) of the respondents disagree about the capability, (17.6%) agree and the remaining (25.9%) neither agree or disagree. From this it can be witnessed that majority of the employees do not believe the criteria implemented is not capable in distinguishing effective from ineffective performers. A mean value of 2.49 and standard deviation=1.031 indicates an average response of disagreement. As a result, it can be said, that this will affect the performance of employees as well as the enterprise as a whole since all types of employee performance are treated equally. As per interview to the human resource management team leader the purpose of the evaluation was to distinguish effective from ineffective performers, but it is impaired with different problems arising from the environment of the evaluation system.

Ilggen and Feldman (1983) contended that it is not possible for any organization to function successfully if it doesn't differentiate between good and poor performer in work settings. One of the purposes of performance appraisal is capability to distinguish effective from ineffective performers, by designing effective instrument/criteria to measure and understand the level of the capacity of employees in the organizations in respect to other co-worker and standard set prior to appraisal.

At last respondents of the study were also asked about their level of agreement whether they reached to an agreement with their supervisor about the standards that will be used to evaluate their work. Accordingly, (64.7%) majority of the respondents disagree and strongly disagree on their agreement with their supervisor about standards used to evaluate their performance, the respondents which is (14.2%) also replied that they are informed and reached on an agreement. On the contrary (21.2%) respondents are not clear about agreement with supervisor about standards. A mean value of 2.41 and standard deviation of 1.061 of respondents also signifies

that respondents were strongly disagree with the idea. In this regard most of the literatures argued that standards should be clear to the manager as well as the employee and both of them should agree. However, from the respondent's response it can be understood that the awareness of the evaluation criteria is not the same in all employees. From this one can understand agreed evaluation standards should be established and informed to employees, and both of them should agree about the standards. According to Bobko and Collela (1994), an effective performance appraisal exhibits the performance standard that is agreeable between the rater and ratee.

To sum up, the items mentioned in the establishing performance standard, the grand mean value of 2.16 and standard deviation of 1.012 signifies that respondents' reaction for the variables are in the range of disagreement. This indicates performance standards/measures are not clear, lack measuring capabilities, not customized to specific jobs, cannot distinguish effective from ineffective performers and no agreement reached with supervisors. The result implies, the performance of BPE employees were not properly measured and the required outcome from employees achieved.

#### **4.2.3 Communicating standards and expectations**

Once performance standards are established, next it is necessary to communicate these expectations; it should not be part of the employees' job to guess what is expected of them. Too many jobs have vague performance standards, and the problem is compounded when these standards are in isolation and do not involve the employee. It is important to note that communication is a two street: mere transference of information from the supervisor to the employee regarding expectations is not communication. This part seeks to assess how employees perceive about communication of standards and expectation that affect the performance appraisal practices. Hence, the following items have been identified in the study and the response were presented, analyzed and interpreted below.

**Table 4.4 Communicating standards and expectations**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	Performance appraisal standards are clearly communicated to all before implementation.	6	7.1	10	11.8	19	22.4	32	37.6	18	21.2	2.46	1.160
2	My rater frequently lets me know how I am doing.	1	1.2	16	18.8	22	25.9	37	43.5	9	10.6	2.57	.957
3	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.	1	1.2	9	10.6	16	18.8	37	43.5	22	25.9	2.18	.978
4	My duties and responsibilities are clearly defined to my understanding.	9	10.6	27	31.8	17	20.0	17	20.0	15	17.6	2.98	1.291
5	My supervisor makes it easy to understand the PA and always offering assistance to me when needed.	4	4.7	12	14.1	17	20.0	38	44.7	14	16.5	2.46	1.075
6	Appraisal is done by the supervisor and the employee sit together.	2	2.4	9	10.6	16	18.8	40	47.7	18	21.2	2.26	.990
<b>Grand Mean</b>												<b>2.49</b>	<b>1.075</b>

**Source: Survey Questionnaire**

**5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree**

Concerning the question whether performance appraisal standards are clearly communicated it is possible to know the level of agreement of the majority (58.8%) of employees disagree on the statement that clear communication was in place to all employees before implementing it, while (22.4%) are indifferent and the rest (18.9%) agree.

Furthermore, a mean value of 2.46 and standard deviation of 1.160 shows that majority respondents are in disagreement. This shows that the performance appraisal process and procedures had not been clearly communicated to all employees prior to its implementation. For the smooth operation of the system, the communication has to be in place before moving out to its implementation as communication and discussion solves unclear issues and can improve the working relationships. The effectiveness of an appraisal system depends on how well its purposes are understood, accepted and strived to be achieved by users. Without the full support of integrating the PA process from the top all the way down, the PA has no chance of being implemented successfully. This will create trust between the two and avoid negative perception arises from subordinates.

Regarding on the items that says how raters frequently lets employees know how they are doing the majority (54.1%) replied that they disagree, while (25.9%) indifferent and (20%) are agree. A mean value of 2.57 and standard deviation of .957 shows that majority respondents are in indifferent. This explains that appraiser do not provide the right feedback at the right time and misleads the whole year performance of the employee by concentrating all the recent performance. In addition to the employees' response presented above human resource management team leader said during the interview session, there is no such practice known, and this practice is sometime used when the need arises from the working environment. Therefore, it can be concluded the raters do not show employees frequently what they are doing as needed. Guiding and telling what employees are doing is essential; however, this must have positive perception among employees. The quality of appraisal process is dependent on the nature of the day to day supervisor- subordinate relationship, in effect providing feedback and coaching on an ongoing basis.

Giving opportunity to design the form used to evaluate employee's performance, helps in reducing blame of the form cumbersomeness, and builds confidence of employee. Accordingly, employees' responses of getting opportunities to participate, in the design of the form used for performance appraisal indicate that the majority (69.4%) of employees disagree, (18.8%) indifferent, and (11.8%) agree for getting opportunities to design the form used for their performance appraisals. Furthermore, a mean value of 2.18 and standard deviation of .978 shows that majority respondents are in disagreement. This response clearly implies that BPE didn't give

a chance to its employees to participate in designing of the PA evaluation form. The human recourse department team leader also confirmed that there is no such opportunity in the Enterprise. The form was a standardized one used to all the employees of civil services in Ethiopia. Therefore, the managers need to develop the policy that make employees to participate in the design of the aforementioned forms, as the input of employees may contribute not only for themselves, but also to the enterprise in a way both can optimize the benefit they sought.

As summarized in the table concerning understanding of duties and responsibilities, (42.4%) respondents agree on their awareness of their responsibility and the expectation from them. On the contrary the respondents which is (37.6%) replied that they disagree and (20%) respondents are not clear. A mean value of 2.98 and standard deviation of 1.291 shows that majority respondents are indifferent. The responses indicate that the majority are neutral in understanding of duties and responsibilities. The result reveals there should be much to be done to make them to know the contribution gained from their job and the expected output from their responsibility for the successful realization of BPE's mission and value as well as for their personal development and growth. In general, even though it is the responsibilities of all employees to know their duties and responsibilities, management is more responsible to aware and communicates the rest of employees to have depth knowledge of their duties and responsibilities.

With regard to the role of supervisor offering assistance to employee in order to easily understand the performance appraisal, most of the (61.2%) of the respondents are in disagreement level that supervisors make performance appraisal easy to understand and provide assistance when needed. On the other hand, (20%) and (18.8%) of the respondents responded indifferent and agree respectively. Furthermore, a mean value of 2.46 and standard deviation of 1.075 shows that majority respondents are in disagreement. The result of this question show that majority of employees did not get adequate support which help them to perform in a better way and contribute for the development of the organization. The main aim of having a supervisor in an organization is to supervise the work that should be done and to support his/her subordinate in every aspect for the smooth accomplishment of the day to day activities. However, from the data anyone can see that employees are not getting the desired support they should get from their supervisors.

Concerning the question, the appraisal done together, the majority (68.3%) of employees disagree that appraisal is done sitting together with the employees, while (18.8%) are indifferent, and (13%) agree. Again a mean value of 2.26 and standard deviation of .990 shows that majority respondents are in disagreement. This explains that performance appraisal is not done through discussions which disallow employees to express their opinions and comments, as well as managers unable to comment on employee's strength and weakness. According to Ritter and Nunnally (2002), Regardless of the rating given, the superior and his subordinate through an open effective communication should make an effort to identify areas where improvement can be made for effective performance.

To sum up, the items communicating standards and expectations, the grand mean value of 2.49 and standard deviation of 1.075 signifies that respondents' reaction for the variables are also in the range of disagreement. This indicates standards were not defined and communicated, employees were not allowed to participate in designing performance appraisal process and appraisal was not done together with supervisor. This proves employees were evaluated without knowing their roles and what exactly was expected from them.

#### **4.2.4 Measuring the actual performance**

The third step in the appraisal process is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure. What we measure is probably more critical to the evaluation process than how we measure, since the selection of the wrong criteria can result in serious, dysfunctional consequences. And what we measure determines, to a great extent, what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually see in the first steps of the appraisal process. The fourth step in the appraisal process is the comparison of actual performance with standards. The point of this step is to note deviations between standards and actual performance so that we can proceed to the fifth step in the process-the discussion of the appraisal with the employee

Hence, the following items have been identified in the study and the response were presented, analyzed and interpreted below.

**Table 4.5 Measuring the actual performance**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	Evaluation of my performance is based on my accomplishment and achievement.	2	2.4	7	8.2	23	27.1	51	60	2	2.4	2.48	.781
2	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.	1	1.2	8	9.4	33	38.8	36	42.4	7	8.2	2.53	.825
3	The performance criteria have been extracted from an up-to-date job description.	3	3.5	12	14.1	22	25.9	38	44.7	10	11.8	2.53	.995
4	Performance appraisal is conducted regularly.	9	10.6	55	64.7	2	2.4	18	21.2	1	1.2	3.14	1.187
<b>Grand Mean</b>												<b>2.67</b>	<b>0.937</b>

**Source: Survey Questionnaire**

**5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree**

Concerning the data on employees' perceptions regarding the statement of their evaluation basing on their accomplishments and achievements, the majority (62.4%) of employees disagree, while (27.1%) indifferent, and (10.6%) agree. The mean value of respondents' response is 2.48 with standard deviation of .781 indicate disagreement. According to the informants from the human resource management department, the purpose of the evaluation was to measure the accomplishment of employees, but it is impaired with different problems arising from the environment of the evaluation system.

PAS plays very important role in an organization because it justifies the decisions which are made on the basis of performance evaluations (Yeager, Rabin, & Vocino, 1985). Keeping

records of the day-to-day accomplishments and achievements of employees is essential for appraisal period to fulfill the evaluation's purpose.

On the subject of believing the appraiser keeps file during the evaluation periods, the majority of the respondent (50.6%) disagree, while (38.8%) indifferent and (10.6%) are agree. A mean value of 2.53 and standard deviation of .825 shows the results are indifferent. This indicates that appraiser feels that evaluation is a one-time activity and is exposed to commit recency error i.e. to look for only recent performance. According to the interview conducted with human resource management team leader, there is no such practice of keeping file on what employees have done for evaluation purpose as a result of a policy but there are some supervisors who have such cultures of keeping file. Therefore, supervisors in BPE were not keeping file for what employee have done during the appraisal period, as the lack of policy and initiation.

According to the literature PA helps in documentation to meet the legal requirements by documenting HR decisions and conducting validation research on the PA tools. Keeping a file of employees' during the evaluation period is necessary to avoid the recence effect bias which emanates from the current behavior. Moreover, it helps for litigation purposes in the suit cases.

With respect to whether performance criteria used in the enterprise reflect up-to-date job description. The responses obtained shows that (56.5%) disagree, and (17.6%) also agree. The remaining (25.9%) are indifferent. The mean value of respondents' response is 2.53 with standard deviation of .995 the respondents are neutral with the statement. This reveals that from the majority of the respondents are not clear about the performance criteria used in the enterprise was extracted from an up-to-date job description.

Wesley (2004) provides in his study that up-to-date performance criteria will seek to enhance the productivity of the worker in line with modern trend. The enterprise therefore would have to keep up the standard of ensuring the use of up-to-date performance criteria.

For the question raised by the researcher regarding regularly conducted performance most of the respondents (75.3%) agree that performance appraisal is conducted regularly, while (22.4%) disagree and (2.4%) are not sure. Again the mean value of respondents' response is 3.14 with standard deviation of 1.187 the respondents are neutral with the statement. This clearly explains

that employees do not have idea about conducting performance appraisal. As per the interview conducted, with the human resource management officer he stated that there is consistent performance assessment and review done twice a year.

Both employees and supervisors might not be able to remember what happened throughout the year due to their selective memory. As studied by Boice and Kleiner (1997), evidence strongly suggests that performance reviews should be performed on a frequent and ongoing basis to avoid surprises at an annual review. Conducting regular performance appraisal is the central mission of the performance review process.

To sum up, the items mentioned in the measuring the actual performance, the grand mean value of 2.67 and standard deviation of 0.937 signifies that respondents' reaction for the variables are in the range of neutral. This indicates the employees of BPE have no clear information how their performance was measured.

#### **4.2.5 Discussing results and Providing feedback**

The fifth step is the process-the discussion of the appraisal with the employee. The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees and help them to motivate for better performance but not to demotivate.

This part deals with the Discussing results and Providing feedback of performance appraisal in BPE. To this end, respondents were asked the level of agreement on how they perceive about results. Hence, the following items have been identified in the study and the response were presented, analyzed and interpreted below.

**Table 4.6 Discussing results (Providing feedback)**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	I have received feedback regularly about my performance from my supervisor.	5	5.9	7	8.2	19	22.4	47	55.3	7	8.2	2.48	.971
2	Feedback on good or poor progress is forwarded openly.	4	4.7	9	10.6	23	27.1	42	49.4	7	8.2	2.54	.958
3	Performance evaluation is used to counsel and coach subordinates.	3	3.5	9	10.6	24	28.2	40	47.1	9	10.6	2.49	.946
4	Performance evaluation is used to motivate subordinates through recognition and support.	7	8.2	9	10.6	17	20.0	43	50.6	9	10.6	2.55	1.086
5	PE is used to diagnose both organizational and individual problems based on performance results.	2	2.4	10	11.8	24	28.2	39	45.9	10	11.8	2.46	.933
6	The performance evaluation in my enterprise helped me improve my job performance.	1	1.2	9	10.6	27	31.8	41	48.2	7	8.2	2.48	.840
7	My manager provides clear and timely feedback on my performance.	3	3.5	5	5.9	24	28.2	40	47.1	13	15.3	2.35	.935
8	performance evaluation is used to give feedback to subordinates so that they know where they stand.	2	2.4	10	11.8	19	22.4	47	55.3	7	8.2	2.45	.893
<b>Grand Mean</b>												<b>2.48</b>	<b>0.945</b>

Source: Survey Questionnaire

5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree

Regarding the regular feedback about employees' performance the researcher forwarded a question to see the respondents level of agreement. Accordingly, most of the respondents which is (63.5%) replied that they did not get any feedback regularly about their performance from their supervisor. Among the respondents (22.4%) of them were neutral which show they have a negative attitude on the issue and the rest (14.1%) express their level of agreement as strongly agree and agree. From this finding along with mean=2.48 and standard deviation=0.971 the result indicate disagreement. Providing feedback is the most common justification for an organization because employees will learn how well they did the task over the period and then use the information to improve their performance in the future. Therefore, from the above data the researcher believes that there is a significant gap between the management and employees on the way they think giving feedback regarding employee's performance regularly.

Cleveland et al. (1989) signifies that performance appraisal specifically provides quality feedback on strengths and weaknesses in determining training needs, transfers, assignment and potential for growth. Individuals want, and seek, timely, useful and accepted feedback on their performance that can help individual make great progress toward optimal performance.

On the statement indicating during appraisal feedback on good or poor performance is forwarded openly, the majority (57.6%) of employees disagrees, while (27.1%), indifferent and (15.3%) are agree. This clarifies that while conducting appraisal, there is no an open two way systems of communication and discussion between the appraiser and the appraise as needed. Furthermore, a mean value of 2.54 and standard deviation of .958 indicates an average response of indifferent among the respondents for the variable.

Ilgem and Feldman (1983) contended that it is not possible for any organization to function successfully if it doesn't differentiate between good and poor performer in work settings.

To know the level of agreement of employees about the information generated through performance appraisal being used to counsel and coach subordinates, data are presented in the table. Accordingly, the result shows majority (57.7%) of employees disagree that the information generated through performance appraisal is used to counsel and coach subordinates. On the contrary, (14.1) % employees agree and (28.2) % are indifferent. Furthermore, a mean value of

2.49 and standard deviation of .946 indicates an average response of disagreement among the respondents for the variable. These show that, the majority disagree, significant percent of employee are indifferent and only small percent agree about the issue. This is significant in relation to increasing/reducing performance of employees. The information generated through performance appraisal to counsel and coach subordinates gets a low level of agreement. The purpose of performance appraisal is also to determine decision of employees' development to make them more productive in the organizations.

According to the literature, the primary goal of performance appraisal is to encourage employees to change their behavior for performance improvement. This happens when supervisor coaches'/counsels employees, communicates performance expectations and motivates subordinates to perform optimally. It is mainly concerned with individual performance but it can also be applied to teams

The next question which was forwarded to respondents was about their awareness on performance is used to motivate subordinates. As a result, it is possible to learn that of the total number of respondents, the majority (61.2%) disagreed, while (20%) are indifferent and (18.8%) agreed regarding the claim that the information generated through performance appraisal was used for motivating employees. Furthermore, a mean value of 2.54 and standard deviation of .958 indicates an average response of indifferent among the respondents for the variable. This indicates that the employees of the enterprise were not clear the performance appraisal used for motivational purposes. The degree of using the performance appraisal for motivational purpose is very low. In practice, this hinders effectiveness and efficiency.

Based on the literature Effective managers use PA to motivate, direct and develop subordinates, and to maximize access to important resources in the organization to improve productivity. One of the objective of performance appraisal is to motivate employees through reward and development those employees whose performance rating is above the average standard for this purpose.

Respondents were also asked about the use of performance appraisal to diagnose organizational and individual problem. Accordingly, it is possible from the table above to know the level of agreement of the majority (57.7%) of employees disagree, while (28.2%) indifferent, and

(14.2%) are agree about the information generated through performance appraisal being used for the purpose of diagnosing the problems of the organization and the employees. Furthermore, a mean value of 2.46 and standard deviation of .933 indicates an average response of disagreement among the respondents for the variable. From the result it was possible to conclude that information generated through performance appraisal is not used to diagnose the problem of both the employees and the organizations.

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.

In addition to the information gathered through the questionnaire, interview was conducted with human resource department team leader; his response was not far from the information gathered through the questionnaires.

For the question raised by the researcher regarding the performance evaluation help to improve job performance the majority (56.4%) disagree, while (31.8) % indifferent and (11.8%) are agree about the performance appraisal in their organization helping them to improve their jobs. Furthermore, a mean value of 2.48 and standard deviation of .840 indicates an average response of disagreement among the respondents for the variable. The responses revealed that the practice of evaluating employees to improve their job was not adequate enough. Majority of employees disagree that the performance evaluation helps them to improve their job performance. One stated goal of PA is to learn what the employee is/is not doing as well as possible and help the employee to improve her job performance. This is basically a counseling or guidance role that the evaluator plays in this role. Performance appraisal is useful not only to align employees with the goals of organizations; it is also used for the development of the capacity of the employees in order to make them more productive. Improving job performance is improving job quality and efficiency. And this can be achieved through training and human resource development in terms of contributing to the organization's goals.

Regarding the feedback about employee's performance, the researcher forwarded question to see the respondent's level of agreement. Accordingly, with respect to the existence of clear and timely feedback provision during performance execution, the majority still responded in

disagreement level which accounts for (62.4%) of the respondents (28.2%) of the respondents remain indifferent. Only (9.4%) are in agreement level. Furthermore, a mean value of 2.35 and standard deviation of .935 indicates an average response of disagreement among the respondents for the variable. The finding indicates that there exists no clear and timely feedback provision on performance.

The result gained from the interview also shows that there are no programmed meetings held to give feedback on the performance of an employee. Nevertheless, feedback toward goals and coaching to improve performance should be provided on a regular basis and certainly before review cycle is over. Most importantly giving feedback 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 supervisor's expectation.

Concerning the usage of information to give feedback to subordinate the above table shows the majority (63.5%) of the total respondent disagree, while (22.4%) are being indifferent and (14.2%) agree. Again, a mean value of 2.45 and standard deviation of .893 indicates an average response of disagreement among the respondents for the variable. From the response, it is possible to conclude the use of performance appraisal to give feedback to the subordinate employees is not used effectively. The rationale for their knowledge is it helps how they were performing their job and shows them where they stand and motivates them to improve their performance which improves productivity/service quality of their respective organizations. According to the information from human resource management team leader, the employees have the right to see their performance rating if they ask.

To sum up, the items under providing feedback, the grand mean value of 2.48 and standard deviation of .945 signifies that respondents' reaction for the variables are also in the range of disagreement. This indicates employees were not provided any feedback, performance evaluation was not used to coach and to counsel employees and the existing performance evaluation system was unable to diagnose performance results.

#### **4.2.6 Decision making – Taking corrective actions**

The purpose of conducting employee performance appraisal is for making decisions about employees without any bias by the HR manager. Decision-making by HR managers about employees rewarding, promotions, demotions, transfers and sometimes suspensions/dismissal of employees are depended upon the employee performance appraisal. The decision taken by HR manager should match exactly with performance appraisal results of employees to avoid grievance or disturbances in between them, as they affect overall performance of the organization.

**Table 4.7 Decision making – Taking corrective actions**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	When my supervisor assesses my performance he/she is not biased by different reasons.	1	1.2	6	7.1	11	12.9	51	60	16	18.8	2.12	.837
2	Information generated through performance evaluation in strongly determines pay and promotion decisions.	3	3.5	10	11.8	19	22.4	43	50.6	10	11.8	2.45	.969
3	If I have question or reservations about my performance evaluation, my evaluator provides me with specific examples of things which I have accomplished during the evaluation period.	3	3.5	11	12.9	21	24.7	42	49.4	8	9.4	2.52	.959
4	My supervisor generally supports his evaluation with specific incidents of good and poor performances.	1	1.2	11	12.9	28	32.9	31	36.5	14	16.5	2.46	.958
5	The performance result I received has helped me to improve my performance.	3	3.5	20	23.5	30	35.3	21	24.7	11	12.9	2.80	1.056
<b>Grand Mean</b>												2.47	

Source: Survey Questionnaire

5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree

The most common defect in the evaluator's role of effective performance appraisals is supposedly caused by personal bias. Personal bias is apparent in different ways. Question one of the above table is concerning the rating errors which lead a supervisor to be biased. Thus, a majority (78.8%) of the respondents disagreed on, while (12.9) % indifferent and (8.3%) agree with the idea. A mean value of 2.12 with standard deviation of 0.837 implicated how much they disagree with the idea. Here the majority of the respondents believe that their supervisors are biased by different reasons when they assess employee's performance.

In literatures we can find different kinds of rating errors and among them the inclination to rate people in the middle of the scale, an initial positive or negative judgment by supervisors which distort the real performance, generalizing one aspect of an individual performance to all areas of his/her performance and generalizing across the groups and ignore individual differences are the most usual errors that make a supervisor to be biased on individuals' performance. Therefore, from this aspect and from the data shown above BPE has done not much in eliminating these errors.

Respondents of the study were also asked about their level of agreement whether information generated through performance evaluation determines pay and promotion the majority (62.4%) employees respond performance appraisal is not attached to reward and promotion. while, (12.9%) of employees are indifferent. From the total respondent (15.5%) employees agreed about PA determine pay and promotion determination. A mean value of 2.45 with standard deviation of 0.969 implicated how much they disagree with the idea.

Performance appraisal is used not only for employee feedback purposes, but also for pay and promotion determination purposes. If PA is to be effective it has to be connected with the benefits it bears, such as pay increment and promotion. Payment is a kind of material reward involving pay in cash or in kind, whereas promotion is the move from a lower level to a higher level position comes with cash increment. This helps the organization as well as the incumbent employee in bringing about effectiveness and efficiency, which in turn increases productivity or service quality.

The response provide indication that the uses of information generated through performance appraisal for decision of pay, development and promotion at low level. This indicates the low

level of work motivation which result decreases efficiency and effectiveness. Interview from human resource department team leader proved information generated through PA is not properly used for pay and promotion decisions because the practice of the enterprise shows all employee are equally rewarded at the end of the year.

Providing specific examples of things accomplished during the appraisal period is essential when required. These will create trust between employees and supervisors. As the Table above shows majority (58.8%) of employees disagree, while (24.7) % are indifferent, and (16.4%) agree, about their rater of specific examples of job accomplished on their performance rating. The mean value of 2.52 and standard deviation .959 is in the range of neutral view which indicates respondents are indifferent. The result reveals that the subordinates do not get support with specific incidents of good and poor performance during their performance appraisal. According to the interview human resource team leader, any employee can see his evaluation, and agree or disagree on the point given but there is no practice of providing specific examples.

As it can be shown in the above table, employees were asked to answer if they agree that raters supporting PA with specific incidents of good and bad performance and according to their response (53%) of respondents disagree while, (32.9%) indifferent and the remaining (14.1) agree. The mean value of 2.46 and standard deviation .958 is in the range of neutral view which indicates respondents are in disagreement. An appraisal that shows the same rating on all characteristics may be evidence of the halo effect. Clearly specifying the categories to be rated, rating all employees on one characteristic at a time, and training raters to recognize the problem are some means of reducing the halo effect. According to the informants of human resource management officials, rating of employees by supporting bad incident and good not officially known. But as evaluation is mostly performed at operational level by supervisors, such practice is may exist depending on the behavior of the rater.

Regarding the item that explains performance results received has helped them to improve their performance. Accordingly, (37.6) of the respondents are disagreed, (35.3) % indifferent and (27%) of the respondents agree. The mean value of 2.80 and standard deviation 1.056 is in the range of neutral view which indicates respondents are indifferent. Whereas the responses of the

human resource department official revealed that the practice of evaluating employees to improve their job was not adequate enough.

Based on literature performance appraisal is useful not only to align employees with the goals of organizations; it is also used for the development of the capacity of the employees in order to make them more productive. Improving job performance is improving job quality and efficiency. And this can be achieved through training and human resource development in terms of contributing to the organization's goals.

#### **4.2.7 Challenges of performance appraisal**

According to Cederblom & Pernerl, (2002). Supervisors and employees generally have ambivalent attitudes, at best, toward performance appraisal. Although most would recognize the perceived benefit, in principle, of documenting, communicating, and setting goals in areas of performance, many are also frustrated concerning the actual benefit received from performance appraisal in their organizations.

The study also attempted to identify the challenges facing the institution's performance appraisal system and process.

**Table 4.8 Challenges of performance appraisal**

No	Items	5		4		3		2		1		Mean	STD
		F	%	F	%	F	%	F	%	F	%		
1	Appraisers have knowledge and the required skill.	5	5.9	9	10.6	18	21.2	45	52.9	8	9.4	2.51	1.007
2	The evaluator is not influenced by personal liking and disliking when evaluating my performance.	9	10.6	22	25.9	18	21.2	30	35.3	6	7.1	2.98	1.154
3	In order to avoid resentment and rivalry among colleagues, my supervisor does not give equivalent ratings.	1	1.2	8	9.4	16	18.8	51	60	9	10.6	2.31	.978
4	In my opinion, the performance evaluation system is fair and objective.	2	2.4	11	12.9	20	23.5	44	50.8	8	9.4	2.47	.921
5	Evaluates my performance to the extent that I will be rewarded for doing what I must or penalized for failing to do so.	5	5.9	5	5.9	26	30.6	45	52.9	4	4.7	2.55	.906
6	Performance appraisal Feedback provided is constructive.	5	5.9	12	14.1	28	32.9	28	32.9	12	14.1	2.85	2.348
<b>Grand Mean</b>												<b>2.61</b>	

Source: Survey Questionnaire

5 = Strongly Agree, 4 = Agree, 3 = Neither Agree or Disagree, 2 = Disagree, 1 = Strongly Disagree

Related to appraisals have knowledge and the required skill majority of the respondents (62.3%) disagree that appraisers lack knowledge, while (21.2%) indifferent and (16.5%) agree.

The mean value of their response is 2.51 with standard deviation of 1.007 indicate respondents' disagreement. This shows that appraisers do not have knowledge in which it highly affects the evaluation. PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization are seriously affected.

According to Tosi, Rossi and Carroll (1986), there are several challenges which arise in the practice of performance appraisal activities: One of the factors that contribute to employee's dissatisfaction is that raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because bias, unfairness and unreliability may occur. Although there is a formal evaluation form and a set of standards to be followed, employees seem not to trust the tools of evaluation.

When an evaluator appraises someone who they like, they may be more apt to give them a superior evaluation than someone they do not like. The influence of the rater biases on the basis of personal liking and disliking is rated as shown in the table above, majority (42.4%) of employees disagree, while (36.5%) agreed, and (21.2%) indifferent about their rater rating their performance basing on personal liking and disliking. The mean value of 2.98 and standard deviation 1.154 is in the range of neutral view which indicates respondents are indifferent. According to the employee's response described above they are neutral such bias exists in BPE. Information acquired from human resource department officer through interview conducted indicate, the degree of liking and disliking while appraising employees' performance may vary from supervisor to supervisor, however this type of biases can exist in the organization regardless of the degree of its existence low or high.

According to Meriam Webster English dictionary (2009), resentment is a feeling of anger or displeasure about someone or something unfair., while rivalry is a state or situation in which people or groups are competing with other. Therefore, such feelings like avoiding resentments have positive outcome for employees while avoiding rivalries among colleagues have negative consequence to both organization and employees. From the above description it is possible to

understand majority (70.6%) of employees disagree, while (18.8%) indifferent and (10.6%) agree.

The mean value of 2.31 and standard deviation .978 implicated how much they disagree with the idea. Therefore, it is possible to conclude that employees are not clear that there is bias of equal performance rating in order to avoid resentment and rivalry. This show existence of such behavior in the enterprise. According to the interview conducted with informants of human resource department team leader, there is no such claim observed so far.

Related to Fairness and objectiveness of Performance appraisal system the Majority (60.9%) of employees disagree, while (23.5%) indifferent and (15.3%) agree. A mean value of 2.47 with standard deviation of 0.921 implicated how much they disagree with the idea. Therefore, employees dissatisfied with their rater do not gave fair assessment in their evaluation, and this indicates the evaluation is not fair assessment in Branna Printing Enterprise.

According to literature There are several challenges which arise in the practice of performance appraisal activities: The main issue in the practice of performance appraisal activity is the fairness of the valuation decision. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system. When evaluatees do not observe fairness and trust in the process of performance appraisals, they are quick to deny the importance of the system.

According to the informants from human resource management department PA it is not attached with any motivational and developmental activities which are helpful to both employees and organization, and the element of the existence of fairness and objectivities are very low. From these descriptions, PA is need to be more fair and objective.

Evaluators may simply give satisfactory or unsatisfactory appraisals to individuals who do not deserve them. Favoritism and subjectivity play a major role in these undeserved appraisals. To this effect The majority (57.6%) of employees disagree, while (30.6%) indifferent and 11.8% agree respectively about they have been evaluated accurately to the extent of reward or penalized. The mean value of 2.55 and standard deviation .906 is in the range of neutral view which indicates respondents are indifferent. From the result It is possible to understand

employees were neutral and not clear about how they are rewarded or penalized. The percentile yield by majority of employees may be the indications of the practice of inaccurately rating behavior in the enterprise.

Accurately evaluating employees is very essential and helps supervisor, employees and organization. Employees' motivation is enhanced by accurate evaluations so that it prepares for rewards for doing so. It also helps those employees who failed in doing so on their job to make ready for training, coaching and development. Beside this penalizing employee who failed to do is essential to correct his/her behavior. In addition to helping employees, it also helps supervisors to make administration decision, about the employee, transfer, demotion and dismissal.

Regarding to performance appraisal feedback is constructive, majority (47%) of the respondents generally disagreed that the appraisal interview is constructive., while (32.9) indifferent whilst the remaining (20%) agreed. The mean value of 2.85 and standard deviation .2.348 is in the range of neutral view. From the response it can be seen that most employees do not perceive the appraisal process in the institution to be constructive.

One of several pitfalls mentioned by Oberg (1972) common to performance appraisal systems is interfere with the more constructive coaching relationship that should exist between superiors and their employees.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter focuses on the summary of the major findings of the research questions, conclusions and recommendations forwarded in light of the relevant literature developed by scholars and responses of research participants.

#### 5.1 Summary

The main objective of this study was to assess the practice and challenges of performance appraisal system in Branna Printing Enterprise by having the following basic questions to be addressed.

- a) How is the performance appraisal system practiced in BPE?
- b) What are the challenges of the performance appraisal system in BPE?
- c) What are the strengths and weakness of performance appraisal system at BPE?
- d) What are the consequences of Performance appraisal in BPE?

In order to address the above basic questions, descriptive survey research design was employed by using mixed research approach which comprises both quantitative and qualitative methods of data gathering. Data was gathered through questionnaire and interview and also document review were made to triangulate and increase the validity of the data obtained.

To collect representative data, 92 questionnaire copies were distributed by using simple random sampling technique. Out of which, 85 of the questionnaires were collected. Furthermore, interview was also made with staff members that were not incorporated in the questionnaire to triangulate and increase the validity of the data obtained.

The data collected from target respondents through questionnaire was compiled and summarized by using SPSS statistical software. The variables were analyzed by using frequency counts, percentages, mean values, and standard deviation. Finally, information obtained through open ended questionnaire, interview, focus group discussions, and document review were thematically analyzed and interpreted.

## 5.2 Major Findings

According to the data analysis and interpretation of the data obtained from both the questionnaires and interview, there were almost negative findings concerning the practice of the performance appraisal by Branna Printing Enterprise.

These adverse findings obtained from respondents that need the attention of BPE's management are discussed as follows.

- Most of the respondents affirmed that performance evaluation were not done as per per-established standards.
- Employees replied the performance criteria/instruments used to measure performance were not clearly defined and objective oriented.
- Respondents claimed that they were not informed and reached on an agreement with their supervisors about the criteria used to evaluate their work.
- Most of the respondents did not have a chance to mutually agree on the standards of performance measures with their supervisors which help them to know with what rate they are going to be assessed.
- Respondents claimed that they were not clearly communicated about performance standards before implementation.
- The respondents claim that the enterprise were not providing opportunities to employees to participate in the design of form used to evaluate their employees' performance.
- Most of the respondents' claim that their supervisors did not offer assistance when they needed and help them to understand performance appraisal.
- Employees replied that supervisors and employees did not sit together while doing appraisal.
- Respondents claimed that evaluation of their performance were not done based on their accomplishment and achievement.

- Majority of the respondents declared that their performance evaluation criteria have not been extracted from an up-to-date job description.
- From the study it was also identified that most of the respondents did not receive feedback regularly about their performance from their supervisor.
- Employees claim that information generated through performance were not used to counsel, coach and motivate subordinates.
- Employees respond information generated through performance evaluation were not used to give feedback to subordinates to know where they stand.
- According to employees respond due to different reasons there is bias from supervisors while rating employee's performance which will affect the actual performance of an employee.
- Most of the respondents affirmed that pay and promotion decisions were not determined by performance evaluation.
- Employees asserted that appraisers lacks knowledge and do not have the required skill.
- Employees replied that the practice of supervisors accurately evaluating their subordinate to the extent of they are being rewarded for doing so and penalized for failing not doing so is low.

### **5.3 Conclusion**

Improving individual performance therefore is vital for the success of every organization. Performance appraisal is a common practice in the existence of the organization. Hence, inability to do this has a significant impact on the productivity or even on the existence of the organization. Besides, failure to conduct performance appraisal will result in failure of the business.

The study has examined the appraisal practice and challenges of Branna Printing Enterprise using respondents who were members of the enterprise. Several findings were made and adequately discussed. Based on the findings of the study the following conclusions are drawn: -

The main problems of performance appraisal in the Branna Printing Enterprise are subjectivity, lack of employees participation in performance appraisal process, non-alignment between performance standards and employees job, lack of two-way communication system, lack of understanding the method of measuring performance and setting criteria, unable to discuss results and provide timely feedback and lack of ability to evaluate by the evaluators that may emanated from halo error, recency error, etc

Employee performance appraisal is conducted by immediate supervisor of the employees not sitting together. There is no transparency; discussion and trust prevailing between appraiser and appraisee. As the study indicates the major objectives of the appraisal in the enterprise is for annual salary increment and bonus payment.

A performance appraisal standards of the enterprise are not appropriate to measure specific job performance and other job related behaviors. Employee has no clear information about how evaluation is conducted, the feedback they needed, and criteria against which they will be evaluated.

There is no employee participation in the performance appraisal process of the enterprise due to this reason which create huge communication gap.

The enterprise has not provided adequate training both for the appraisers appraisee which helps the manager to become accurate in evaluation and for appraisee to develop understanding of them concerning the performance appraisal objective or importance. As a result, both ratees and the raters are a source of the problem in performance evaluation. There is no also written policy or guideline to make the performance evaluation more objective.

The following consequences identified are: -

Employees are dissatisfied with the system because raters have problems evaluating the performance appraisal in a proper way and performance of individual employees is not measured accurately.

Employees seem not to trust the tools of evaluation because raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because bias, unfairness and unreliability may occur.

There is an issue of subjectivity in the performance evaluation system. The subjectivity of the evaluation discourages employees on supporting the measurement of performance appraisal. Therefore, the objective of the performance appraisal is not achieved.

Supervisor-employee relationships are also at risk under weak performance appraisal systems. Employees subject to ineffective systems and performance review practices are likely to feel upset, demoralized, and demotivated. This can lead to personal relationships that are damaged, sometimes permanently.

Due to poor communication, employees may not understand the link between their behaviors and results, and how those translate into performance ratings. Likewise, employees may not comprehend how their ratings translate turn into rewards. The absence of clear links makes it unlikely employees will be motivated to perform at a high level.

As a result, considering the fact that regardless of the type, size and objective of an organization, performance appraisal system is a globally contemporary practice all over the world which helps the organization, team and individual to be more effective in their day to day activities to bring about the desired objective and for the successful growth and development of each, one can conclude that BPE need to seriously consider the weak points, improve the performance appraisal practice and utilize effectively so that the objective will be achievable and subsequently translate into the organization performance.

## **5.4 Recommendations**

Up on the findings of the study the researcher forwarded the following recommendations;

BPE should revise and express performance appraisal system, as far as possible, in terms of a set of principles which people will need to follow.

The appraisal standards or criteria should be clear, specific and includes measures of all the dimensions of employee job performance. Thus, it can alleviate the problem of subjectivity and become appropriate for the employees.

Employees should participate in the development of the appraisal system like in development of employee job expectation and establishment of evaluation standards or development of appraisal format, Scoring and feedback system. Because, if the employees are confident in the fairness of the appraisal process, they are more like to accept performance ratings, even adverse one, if they perceive a fair decision making process.

The objective of appraisal should be made clear to all employees before appraisal takes place and employees should accept it. The objective of the performance appraisal should be inclusive of all dimensions like for promotion, developing training program, salary recommendation, for transfer and the like.

The use of ratings assumes that the rater is reasonably objective and accurate. However, in reality, raters' memories are quite fallible, and raters subscribe to their own sets of likes, dislikes, and expectations about people, which may or may not be valid but as much as possible the raters have to rely on the established standards or criteria to become objective as possible.

Appraisee and appraisers should be given training that allows them to know how to conduct performance evaluation and the objective of evaluation.

Employees' performance and job related behavior should be recorded on the continuous basis to avoid recency error which is basis for the subjectivity in performance evaluation.

The appraisal system should be developed in a way that it can enhance trust, transparency, discussion and open communication between the appraiser and appraisee that enable appraisers

and appraisee to have a mutual understanding of the nature, purpose, methods and problems of the appraisal.

Self-evaluations can increase the effectiveness of the appraisal system and result in a positive impact on an employees' satisfaction with the evaluation and his/her perception of justice and fairness. Thus, it is recommendable if Branna Printing Enterprise establish or initiate self-evaluation which encourages the participation of employee in the appraisal process.

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**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**SCHOOL OF COMMERCE**  
**HUMAN RESOURCE DEPARTMENT GRADUATE STUDIES PROGRAM**

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF BRANNA PRINTING  
ENTERPRISE

**TOPIC: PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES IN BRANNA  
PRINTING ENTERPRISE**

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, **“Performance Appraisal Practices and Challenges in Branna Printing Enterprise** “as partial fulfillment to the completion of degree of Masters of Art in Human Resource Management Program at Addis Ababa University School of Commerce. This study is purely for academic purpose & in no ways that affects the respondent’s personality. It will be kept confidential. So that, your genuine view, frank opinion & timely responses are very valuable in determining the success of the study. Therefore, you are kindly requested to extend your cooperation honestly by providing relevant information & filling out the following questionnaires that are prepared for this intention.

General Instructions

- No need to write your name
- Answer by making a (√) mark in the appropriate box.

Thank you, for your cooperation and timely response in advance

**A. General Background of Respondents (Demographic Information)**

<b>Gender</b>	<b>Tick</b>
Male	
Female	

<b>Age</b>	<b>Tick</b>
18-30	
31-40	
41-50	
51 and above	

<b>Level of education</b>	<b>Tick</b>
Grade 10 and below	
Level I	
Level II	
Level III	
Level IV or Diploma	
First Degree	
Second Degree	

<b>How long have been working with BPE?</b>	<b>Tick</b>
1 year and below	
1-3 years	
4-5 years	
6-10 years	
11-15 years	
More than 15years	

**B. Establishing performance standard**

On a scale of 1 to 5, indicate the extent to which you agree or disagree with the following statements about Performance Appraisal Standards

(Key: 5-Strongly Agree 4-Agree 3-Not Sure 3-Disagree 1-Strongly Disagree)

SN	Statements	5	4	3	2	1
1	Performance is evaluated as per pre-established standards.					
2	The performance criteria/instruments used to measure my performance are clearly defined and objective.					
3	The performance evaluation criteria used in the enterprise is capable of measuring my true performance.					
4	The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job.					
5	The performance evaluation criteria used to evaluate my performance is capable of distinguishing effective from ineffective performers.					
6	I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my work.					

**C. Communicating standards and expectations**

On a scale of 1 to 5, indicate the extent to which you agree with the following statements about Communicating standards and expectations

	Statements	5	4	3	2	1
7	Performance appraisal standards are clearly communicated to all before implementation.					
8	My rater frequently lets me know how I am doing.					
9	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
10	My duties and responsibilities are clearly defined to my understanding.					
11	My supervisor makes it easy to understand the PA and always offering assistance to me when needed.					
12	Appraisal is done by the supervisor and the employee sit together					

#### D. Measuring the actual performance

On a scale of 1 to 5, indicate the extent to which you agree with the following statements about Measuring the actual performance.

	<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
13	The criteria distinguish effective from ineffective performers.					
14	Evaluation of my performance is based on my accomplishment and achievement.					
15	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.					
16	The performance criteria have been extracted from an up-to-date job description.					
17	Performance appraisal is conducted regularly.					

### E. Discussing results (Providing feedback)

On a scale of 1 to 5, indicate the extent to which you agree with the following statements about Discussing results (Providing feedback)

	<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
18	I have received feedback regularly about my performance from my supervisor.					
19	Feedback on good or poor progress is forwarded openly.					
20	Information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential.					
21	Information generated through performance evaluation is used to motivate subordinates through recognition and support.					
22	Information generated through performance evaluation is used to diagnose both organizational and individual problems based on performance results.					
23	The performance evaluation in my enterprise helped me improve my job performance.					
24	My manager provides clear and timely feedback on my performance.					
25	Information generated through performance evaluation is used to give feedback to subordinates so that they know where they stand.					
26	Performance appraisal Feedback provided is constructive.					

**F. Decision making – Taking corrective actions**

On a scale of 1 to 5, indicate the extent to which you agree with the following statements about Decision making – Taking corrective actions.

	<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
27	My supervisor keeps a file on my activities during the appraisal period					
28	When my supervisor assesses my performance he/she is biased by different reasons.					
29	Information generated through performance evaluation in strongly determines pay and promotion decisions.					
30	If I have question or reservations about my performance evaluation, my evaluator provides me with specific examples of things which I have accomplished during the evaluation period.					
31	My supervisor generally supports his evaluation with specific incidents of good and poor performances.					
32	The performance result I received has helped me to improve my performance.					

**F. Challenges of performance appraisal**

On a scale of 1 to 5, indicate the extent to which you agree with the following statements about Challenges of performance appraisal.

	<b>Statements</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
33	Appraisers lacks knowledge and do not have the required skill.					
34	In my opinion, the performance evaluation system is fair and objective.					
35	Unqualified person rates my work.					
36	The evaluator is influenced by personal liking and disliking when evaluating my performance.					
37	In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings.					
38	My supervisor accurately evaluates my performance to the extent that I will be rewarded for doing what I must or penalized for failing to do so.					

## **Department of Human Resource Management**

### Interview Guideline

1. Do performance criteria/instruments are defined to employees?
2. Is there is any policy for customizing job basing on the characteristics of jobs in the enterprise?
3. Does the performance evaluation criteria capable of distinguishing effective from ineffective performers?
4. Is there any practice to let employees know how they are doing?
5. Do employees participate in the design of the performance evaluation form?
6. Could it be possible to say evaluation of performance is based on accomplishment and achievement?
7. Do the evaluators keep file on what employees done during evaluation period?
8. How frequently are performance evaluations conducted for employees?
9. Does Performance evaluation output used to counsel and coach subordinate?
10. Does the appraisal program provide employee regular feedback on their performance?