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SCHOOL OF GRADUATE STUDIES

Assessment of the Effectiveness of Employee Performance Evaluation System in the case of World Vision Ethiopia

By: ETAGEGNEHU ASSEFA (GSD/0353/07)

A THESIS SUBMITTED TO Addis Ababa University SCHOOL OF Graduate Studies IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE MASTER OF ARTS IN HUMAN RESOURCE MANAGEMENT

Advisor: SOLOMON MARKOS (PhD)

June 2020

Addis Ababa, Ethiopia

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Declaration

I, the under signed, hereby declare that this masters' thesis entitled "The Effectiveness of Performance Evaluation System; In World Vision Ethiopia" is my original work and has not been used by others for any other requirements in any other university and all sources of information in the study have been appropriately acknowledged.

Etagegnehu Assefa

Student

Signature

June 2020

Date

Letter of Certification

This is to certify that Etagegnehu Assefa has carried out her thesis on the topic entitled: “The Effectiveness of Performance Evaluation System; In World Vision Ethiopia” This work is original in nature and suitable for the award of Masters of Arts (MA) in Human Resource Management.

Solomon Markos (PhD)

June 2020

Addis Ababa University
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This is to certify that the thesis prepared by Etagegnehu Assefa entitled “The Effectiveness of Performance Evaluation System in the case of World Vision Ethiopia”, which is submitted in partial fulfillment of the requirements for the Degree of Masters of Art in Human Resource Management, complies with the regulations of the University and meets the accepted standards with respect to standards to originality and quality.

Approved by Board of Examiners

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ABBREVIATION

| | |
|------|---|
| HRM | Human resource management |
| HR | Human Resource |
| HO | Head Office |
| MBO | Management by Objectives |
| PES | Performance Evaluation System |
| PE | Performance Evaluation |
| PA | Performance Appraisal |
| PEP | Performance Evaluation Process |
| PAP | Performance Appraisal Process |
| SPSS | Statistical Package for the Social Sciences |
| WP | Work performance |
| WVE | World Vision Ethiopia |

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ABSTRACT

The need for effective performance evaluation system in organization has been emphasized in recent times. This study therefore investigated the effectiveness of employee performance evaluation systems in WVE. The study employed descriptive research design along with mixed approach. Primary data was collected with the help of self-administered questionnaire. The data collected was analyzed by using descriptive statistics with help of the Statistical Package for the Social Sciences (SPSS). The study found out that the organization has in place a formal evaluation system, and this was largely acknowledged by all categories of respondents: junior and senior members. The study noted that there are key performance criteria that have been developed and clearly identified in the evaluation system. Findings showed that to a large extent the criteria have been developed in consultation with workers and appraisers. Further, respondents indicated general understanding and support from the various staffs on the organization's evaluation system. The study found out that most employees show cooperation in the evaluation process. Again, most staff trust that feedback reflects their performance. Further, most staff believe the evaluation system is relevant and do not consider the evaluation process a waste of time. It was distinguished that the process has helped in recognizing systematic factors that are obstacles to effective performance. Main challenges recognized included low feedback rate and lack of adequate resources, among other challenges. The study recommended the need to ensure that fairness is maintained in the evaluation process so that the necessary trust and cooperation will be forthcoming from staff. More, there is the necessity to ensure regular feedback. Failure to do this might affect staff interest in the process, as much as possible feedback should be given to staff on their performance.

Keywords: *Performance evaluation, Performance appraisal, Effectiveness of*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Performance Evaluation system is a useful management tool which helps to gain feedback, review and estimate whether the performance is effective and discuss what needs to be done for it to become so. Managers perform evaluations to benefit both employees and the employer. (Muhammad Faseeh ullah khan, Lecturer - Federal Urdu Art & Science University)

Performance evaluation is the Human Resource Management activity that is used to determine the extent to which an employee is acting the job effectively (Ivancevich 1998, p. 321).

Performance evaluation is a process of determining how well employees do their job relative to a standard and communicating that information to the employee (Mathis and Jackson 2008, p. 324).

Performance evaluation is can be though possible if an organization employee on effective performance evaluation as a management tool and designed to encourage communication in the office, improve the quality of work produced and promote individual accountability. (Derven, 1990) This is the concept underpinning the legal requirement that all organizations evaluate employee performance. (Winston and Creamer, 1997) define performance evaluation as an organizational system comprising deliberate processes for determining staff accomplishments, through rating to improve staff effectiveness.

Therefore, performance evaluation has three basic functions mention: (1) providing adequate feedback to each person on his or her performance, (2) to help as a basis for modifying or changing behavior toward more effective working habits, and (3) to deliver data to managers with which they may judge future job assignments and

compensation. The performance evaluation idea is central to effective management. In this regard, much hard and imaginative work has gone into developing and refining it. In fact, there is a great deal of evidence to indicate how valuable and effective performance evaluation is. Yet present systems of performance evaluation do not serve any of these functions well. (ibid)

(Kenneth E. Everard and Jim burrow, 1990) Performance evaluation, so is an important human resources function which provides management with a systematic basis for effectively recognized and evaluating the present and potential capabilities of human resources. In this regard, performance evaluation should be a continuous function for the given organization. The managers should continuously determine how effectively their subordinates are performing different tasks. Employees should be evaluated at least twice in a year and this will contribute to enhance employee's efficiency, productivity and morale.

(Averson, 1998) As such, modern organizations depend up on measurement and analysis of performance. This is to mean that measurement must drive from organization's strategy and provide critical data and information about key processes, outputs and results. The supposed data and analysis support a variety of organizational purposes, such as planning, reviewing organizational performance improving a processes and comparing organizational performance with 'best practices' benchmarks.

To the extent that the research led on the practice of human resources is concerned the issue of performance evaluation arguably taken as crucial in terms of organizations performance and appears to be an indispensable part of any human resources system (shriv astava and purang, 2011).

The researcher absorbed performance evaluation system and its consequence work outcomes, in the form of employees satisfied on performance evaluation particularly this dependent variable from these studies. Because of literature gap on specific areas related to this study. So, the study absorbed only on indicators of performance evaluation that is feedback, fairness and employee participation on performance evaluation and two way communication on performance evaluation

according to the dependent variable of employees satisfied on performance evaluation.

The present study efforts to examine the employees of WVE towards the various aspects of the performance evaluation system.

1.2 Statement of Problem

The potential role of HRM in improving an organizations performance has been realized (Breadwell and Holden, 1997). Breadwell and Holden (1997) HRM practices can develop the performance of an organization by contributing to employee satisfaction. Among the HR practices that have been studied, performance appraisal is arguably one of the more crucial ones in terms of organization performance and appears to be an indispensable part of any HRM system (Shrivastava and Purang, 2011). The success, survival and competing power of organizations depend on the commitment of their members and this may to a large extent depend on how satisfied the employees are in respect of the organization's appraisal mechanism. (Abdulkadir, Isiaka & Adedoyin, 2012, p.124).

World Vision (WV) is a leading organization in the world providing emergency and hunger relief, long term community development programs, agricultural development assistance and leadership training. World Vision is what it is now because of a worldwide staff of more than 40,000, assisting approximately 100 million people in nearly 100 countries throughout Africa, Eastern Europe, the Middle East, Asia and the Americas. World Vision requires exceptional performance from its employees to accomplish this work. In order to assist WV staff achieve these and partnership goals, WV has outlined People & Culture (HR) Plan. Performance appraisal is one of the areas that applies to the 'Accountability' portion of the People & Culture Approach. Hence, the performance appraisal is key area of focus that contribute to the effectiveness of the organization.

Therefore, World Vision Ethiopia in particular focuses on improving employee performance appraisal system of the organization. The introduction of the "merit

pay” is an attempt by the world vision to link pay with performance. However, evidence from the US 2008 Federal Employee Viewpoint Survey shows that working in an organization that has a merit-based pay system consistently and negatively affects employees’ satisfaction with their pay, their organization, and their job. Perceptions about proper implementation of such systems are crucial to system success.

According to Boswell and Boudreau (2000), perceptions of fairness of the system are important aspects that contribute to its effectiveness. If the Performance Appraisal System (PAS) is seen and believed to be biased, that may be a source of dissatisfaction with the system. Employee’s reaction to the performance appraisal system is a critical aspect of the acceptance and effectiveness of the performance appraisal system.

According to the primary interview, among the four divisions, the majority of them used to bring up staff performance assessment disagreement and conflict cases to Human Resource (People & Culture) Division for guidance and solution. Especially during annual performance review, it was found that those staff who were rated as ‘needs improvement’ and ‘unsatisfactory’ tend to reveal their disagreement and disappointment to Human Resource (People & Culture) Division and symptom of employee’s dissatisfaction is exhibited afterwards in the workplace. On top of this, there might be a system and procedure which clearly shows the steps, benefits and implementation process of performance appraisal system; however, it only can be kept on paper as a rule unless it is converted into exercise. Hence, this paper looks in to the effectiveness of performance evaluation system on employee which clarifies the significances of the study for the experts as well as organizations. Moreover, the student researcher hasn’t yet discovered any study on effectiveness of performance evaluation system on employee of World Vision Ethiopia. All this is the rational for the student researcher to assess the effectiveness of the performance evaluation system on employee at World Vision Ethiopia.

Hence all this initiated the researcher to make it the focal point for this study as the researcher is also part of the organization working as administrative staff. However, the student researcher focuses on assessing the effectiveness performance appraisal thereby look into employee opinions as it is related with job satisfaction. Job satisfaction is a good predictor of performance and a key measure of organizational effectiveness. Hence, this is time to understand employee's perception as it is critical for the effectiveness of the performance evaluation system. In order to manage the performance all these employees, the organization need properly developed and effectively implemented performance appraisal system to effectively managing the performance of employee's in order to sustain the organization performance. Effective PAS helps the organization to achieve its goals by developing productive and satisfied employees.

However, the current PAS possess certain problems and these problems could be a possible cause of much employee dissatisfaction. Based on People & Culture Process survey, 2016, in WV, the employees' job satisfaction towards performance appraisal systems is found at low stage, the primary a result is that the PAS process that often take place without the participation and engagement of employees. Agunis (2009), explains that to make the PA effectively work in the organization the involvement of employees on performance appraisal process are the major factors, because involvement of employee can reduce the employee and managers resistance to the performance appraisal and increase the sense of belongingness in the work place. The second reason of employee's low satisfaction is related with the performance rewarding approaches. In practice, it is often the case that employees receive rewards based on his/her supervisor recommendation, the system do not provide rewarding of performance for employees related to their individual contribution. In general these problems are challenges to the PAS to be effective.

As a result, WV should implement effective and acceptable PAS to fill these gaps through creating well developed performance appraisal the individual performance

and contributions for achieving the goal should take in to account when the rewards provide, increase the engagement of employees and provide an opportunity of involvement of employees in PA process. Therefore, it was important to conduct this research to show that effective performance appraisal system are existed in WV and to examine its effectiveness of on employee performance so that a completed and comprehensive performance evaluation system could be built up.

1.3 Research Question

The following research questions formed the basis upon which the study was conducted:

- What is the system of feedback and communication of employee performance evaluation?
- What is employee's perception on fairness of performance evaluation system?
- How do employees participate and practice in performance evaluation system process?
- To what extent do reward practice related to employee performance?

1.4 Objectives of the Study

1.4.1 General Objectives

The main objective of this study was to assess the effectiveness of performance evaluation system of World Vision Ethiopia (WVE) from the perspective of national office staff.

1.4.2 Specific Objective

- To determine the perception of employees on fairness of performance evaluation system.
- To assess the practice of employee participation in performance evaluation system process.
- To assess the system of feedback and communication of employee performance evaluation.
- To investigate performance reward practice.

1.5 Significance of the study

The findings of this study will be very important to those in the academic realm since it will assist them with relevant literature on performance evaluation. It will shed more light on employee performance from Effectiveness of performance evaluation system.

The study will also assist the WVE to get a better understanding effectiveness performance evaluation system. This will enable them to get more information on how to improve the state of performance evaluation System at WVE. It is the belief of the researcher that effectively design will be used. And implemented performance evaluation system will bring in countless of benefits to the employees performance review and also being able to identify the performance level among the employees.

1.6 Scope of the study

The study focused on the effectiveness of performance evaluation system in WVE the geographical boundary of the research used only head office in Addis Ababa City's.

1.7 Limitations of the Study

Securing the required primary data from the target population at large and willingness and corporation of the organization's officials to access the secondary data might be done one of the major limitations. Lack of awareness among the respondents to fill out questionnaires with due care and return them on time were some of the limitations that the study faced while collecting the data from the respondents.

1.8 Definition of Terms

Performance Evaluation, performance can be defined as what is expected to be delivered by an individual or a set of individuals within a timeframe. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered (Kumari & Malhotra, 2012).

Appraise: Individual being evaluated on job performance.

Appraiser: Individual responsible for evaluating an individual's job performance.

360° degree Evaluation 360 degree evaluation is an approach to performance evaluation that includes gathering performance information from people on all sides of the manager above, beside, below and so forth (De Nisi & Griffen, 2008).

CHAPTER TWO: LITERATURE REVIEW

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 The Concept of Performance appraisal

Performance is an outcome, or result of an individual's actions. An individual's performance therefore becomes a function of ability and motivation (Ainsworth et al., 2002). Performance Assessment (also performance appraisal, evaluation, measurement) becomes a continual review of the job related task accomplishments or failures of the individuals within the organization. A major consideration in performance improvement involves the creation and use of performance measures or indicators; which are measurable characteristics of products, services, processes, and operations the company uses to track and improve performance.

Shelley (1999) describes performance appraisal as the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does.

Shelley again considers PA as a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future. It is a powerful tool to calibrate, refine and reward the performance of the employee. By focusing the attention on performance, performance appraisal goes to the heart of HR management and reflects the management's interest in the progress of the employees.

Moats (1999) corroborate Shelley's (1999) position and further add that performance appraisal is a process by which organizations evaluate employee performance based on preset standards. Moats describes the main purpose of appraisals as helping managers effectively staff companies and use human resources, and, ultimately, improving productivity.

According to Moats when conducted properly, appraisals serve the purpose Shelley describes by: (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations.

The above expositions given by Moats and Shelley collectively establish performance appraisal as a clear and concise, regular and unbiased system of rating an employee's performance in her current position, which can also be used to determine how far the employee can go in career development. The benchmarks of such an appraisal, according to Moats, are usually the job description in tandem with stated company objectives, and often includes rewards and incentives.

An organization engages a person for the purpose of employing his skills to achieve certain goals and objectives. Every so often, the employer needs to take standard and determine the value of each employee, his potential, and what his future in the company is likely to be. In the researcher's opinion this is accomplished through the effectiveness of performance appraisal.

Moats (1999) explains that in the early part of the twentieth century performance appraisals were used in larger organizations mostly for administrative purposes, such as making promotions and determining salaries and bonuses. Since the 1960s, however, companies and researchers have increasingly stressed the use of employee evaluations for motivational and organizational planning purposes.

Indeed, for many companies performance appraisal has become an important tool for maximizing the effectiveness of all aspects of the organization, from staffing and development to production and customer service (Moats, 1999).

As Moats puts it, that shift of focus was accompanied during the 1970s, 1980s, and 1990s by a number of changes in the design and use of appraisals. Those changes reflected new research and attitudes about organizational behavior and theory. Traditional appraisal systems were often closed, meaning that individuals were not allowed to see their own reports. Since the mid-1900s, most companies have rejected closed evaluations in favor of open appraisals that allow workers to benefit from criticism and praise.

Moats asserts further that another change in appraisal techniques since the mid-1900s has been a move toward greater employee participation. This includes self-analysis, employee input into evaluations, feedback, and goal setting by workers. Appraisal systems have also become more results-oriented, which means that appraisals are more focused on a process of establishing benchmarks, setting individual objectives, measuring performance, and then judging success based on the goals, standards, and accomplishments.

Likewise, appraisals have become more multifaceted, incorporating a wide range of different criteria and approaches to ensure an effective assessment process and to help determine the reasons behind employees' performance (Bodil, 1997).

Again, Moats State that performance appraisals and standards have also reflected a move toward decentralization. In other words, the responsibility for managing the entire appraisal process has moved closer to the employees who are being evaluated; whereas past performance reviews were often developed and administered by centralized human resources departments or upper-level managers, appraisals in the 1990s were much more likely to be conducted by line managers directly above the appraisee.

2.3 Objectives of Performance Appraisal

The objectives of the appraisal scheme should be determined before the system is designed in detail. The objectives will to a large extent dictate the methods and performance criteria for appraisal so they should be discussed with employees, managers and trade unions to obtain their views and commitment (Fletcher, 1994).

The main objectives of an appraisal system are usually to review performance, potential and identify training and career planning needs. In addition the appraisal system may be used to determine whether employees should receive an element of financial reward for their performance (Derven, 1990).

Performance reviews give managers and employees opportunities to discuss how employees (1) are progressing and to see what sort of improvements can be made or help given to build on their strengths and enable them to perform more effectively (Grote, 2002). Review of potential and development needs predicts the level and type of work that employees will be capable of doing in the future and how they can be best developed for the sake of their own career and to maximize their contribution to the organization. Reward reviews - determine the 'rewards' that employees will get for their past work. The reward review is usually a separate process from the appraisal system but the review is often assisted by information provided by the performance appraisal (Einstein, 1989).

Wesley (2004) also identifies some objectives of performance appraisal s indicated below: 1) to review the performance of the employees over a given period of time. 2) To judge the gap between the actual and the desired performance. 3) To help the management in exercising organizational control. 4) Helps to strengthen the relationship and communication between superior subordinates and management employees. 5) To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future. 6) To provide feedback to the employees regarding their past performance. 7) Provide information to assist in the other personal decisions in the organization. 8) Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.

9) To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development. 10) and last but not least to reduce the grievances of the employees.

Competent appraisal of individual performance in an organization or company serves to improve the overall effectiveness of the entity. McGregor in Moats (1999) describes the three main functional areas of performance appraisal systems as: administrative, informative, and motivational. According to Addison-Wesley (2001), appraisals serve an administrative role by facilitating an orderly means of determining salary increases and other rewards, and by delegating authority and responsibility to the most capable individuals. Again, Moats says the informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strengths and weaknesses. Bodil finally describes the motivational role to entail creating a learning experience that motivates workers to improve their performance. When effectively used, performance appraisals will be seen to be playing a major role in helping employees and managers establish goals for the period before the next appraisal (Addison-Wesley, 2001).

Wesley (2004) also identifies some objectives of performance appraisal s indicated below:

- a. To review the performance of the employees over a given period of time.
- b. To judge the gap between the actual and the desired performance.
- c. To help the management in exercising organizational control.
- d. Helps to strengthen the relationship and communication between superior subordinates and management – employees.
- e. To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- f. To provide feedback to the employees regarding their past performance.
- g. Provide information to assist in the other personal decisions in the organization.
- h. Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.

- i. To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development.
- j. To reduce the grievances of the employees.

2.4 Performance Evaluation System

According to Gary 2003, defines performance evaluation as a means of evaluating an employee's current or past performance relative to the person's performance standard. Appraisals involve: setting work standards, assessing the employee's actual performance relative to these standards and providing feedback to the employee with the aim of motivating that person eliminate deficiencies.

Performance evaluation is a method of evaluating employee behavior at the work place. These are: an organization's evaluation of individual's level of performance and a review of how well an employee is carrying out the tasks associated with his job.

Performance evaluation is a feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers. Most organizations have some kind of evaluation that is used for performance feedback, pay administration and in some cases counseling and developing employees. Thus performance appraisal represents an important link between goal setting and process and reward systems. Managers should do three things well in the process of performance management. These are: to define performance through goal setting, measures and assessment; facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives and encourage performance by providing a sufficient number of rewards that people care about and doing so in a timely and fair manner (Cascio, 1998, Cummings & Worley, 2005).

Performance evaluation is therefore a systematic and objective way of judging the relative worth or ability of an employee in performing her/his tasks.

2.5 Effective Performance Evaluation

From reviewing the literature, there appears to be no one single best method of performance appraisal (performance evaluation), although there are certain common elements throughout all effective methods. Effective performance evaluations are commonly associated with clear goals that are attached to specific performance criteria and are well-accepted by both appraiser and appraisee (Mustapha & Daud, 2012). (Rankin & Kleiner, 1988) All effective performance appraisals include elements such as linking appraisal to rewards, the supervisor and employee working together to identify goals, performance goals clearly defined, feedback given to the appraiser on their effectiveness and compliance with legal requirements.

2.6 Design of Performance Evaluation System

An organization must design a performance evaluation system so that it works well with the organization's structure. Employees can give input into the design and feel committed to a new system. If executed correctly, managers will be able to give appraisals to employees under their supervision. If employees perform high levels of autonomous work or belong to work teams, for example, they will need a performance evaluation system, such as "360-degree feedback," that evaluates their real performance. In this system, members of work teams can evaluate each other. If there is a mismatch between organizational structure and the design of the appraisal system, it will be ineffective.

Managers will provide evaluations that are not appropriate and employees will become disgruntled. The resulting tension will negatively impact the workplace culture (Bianca, 2012). According to Cawley et al 1998, subordinates reactions to performance appraisal (PE) can be a way of measuring their outlook towards the system. The essential responses that can be evaluated are their satisfaction from the performance evaluation, the value, whether they handled they were fairly evaluated, how interested they were from the evaluation and the accuracy of the

system. (Boachie-Mensha & Seidu, 2012), advises that employees are likely to embrace and contribute meaningfully to the performance appraisal scheme if they recognize it as an opportunity for personal development, a chance to be visible and demonstrate skills and abilities and an opportunity to network with others, but if employees perceive performance evaluation as an unreasonable effort by management to attempt to closer control and gain control over tasks they transmit out they won't welcome the scheme as simply.

Performance evaluation isn't about the forms. The important purpose of performance evaluation is to permit employees and managers to improve continuously and to remove barriers to job success, in other words to make everyone better. Procedures do not make people improved and are simply a way of recording valuable information for later reference. If the focus is getting the forms "done", without thought and effort, the whole process becomes at best a waste of time and at worst insulting (Bacal, 1999).

The design of evaluation system many organizations are taking a fresh look their performance management systems as a means of improving organizational and individual performance leading to growth of organizations. Designing a performance evaluation system is a challenging process. Mohrman et al. (1989), offer organizations a framework for developing credible systems of appraisal. Mohrman et al. recommended some steps to follow when designing evaluation system. The first is according to Mohrman et al. in the design process, it is vital to select the right people to design for the system. This would involve managers, employees and human resource professionals. Secondly, this step considers a process to guide the design to be chosen. It is significant to reflect whether to use a consultant, a work force and or a centrally controlled body. Thirdly, Moharman et al, pointed out that before designing the appraisal system, there is the need to undertake an organizational assessment and determine the evaluation system's intended purpose. The fourth one, the primary objective of the organizational assessment is to pinpoint the impetus for change and the definition of purpose is to provide guideposts for the people responsible for the designing. Fifthly, the step introduces the design of system that is in accordance with it or capable of changing

it. The sixth is the design is an evaluation plan with an understanding of how the use of the information it provides will improve the system. “A single performance evaluation system that tries to meet all purposes ends up failing to meet any” Mohrman et al. They therefore suggest that a single performance evaluation system should focus on a single purpose in order to meet its objectives.

2.7 The Essential Criteria for Effective Appraisal

According to the (Piggot-Irvine, 2003), In order to have effective evaluation, the process must be embedded completely throughout the organization where the values shape part of the fabric of the everyday life of the work place. As previously mentioned (Rankin & Kleiner, 1988), performance evaluations have six key factors. To mention them (a) performance goals must be specifically and clearly defined, also performance evaluation programs should tie personal rewards to organizational performance (b) attention must be paid to identifying, in specific and measurable terms, what constitutes the varying levels of performance and the supervisor and employee should jointly identify ways to improve the employee’s performance and establish a development plan to support the employee complete their objectives. (c) The evaluator should be given feedback regarding his/her effectiveness in the performance appraisal process. (d) The performance appraisal system (PAS), regardless of the methodology employed must comply with legal requirements.

Also there is an old adage that says “What gets watched gets done.” Therefore, management must carefully select performance criteria as it pertains to achieving corporate goals. The best common evaluation criteria are traits, behaviors, competencies, objective accomplishment and development potential. Ensuring that the performance evaluation ties in with organizational goals is pivotal to the effectiveness of the appraisal. If the objectives of the performance evaluation process are in contrast with the organizational objectives, the resulting performance evaluation system might in detail of harm to effective organizational functioning (Barrett, 1967).

Performance Evaluation is intended to gather crucial information and measurements about the actions of staff and the company's operations which are valuable to management for enhancing the employees' productivity, working environments, their morale and internal workings of the organization in general (Rahman & Shah, 2012). Effective managers know performance evaluation systems as a tool for supervision rather than a tool for evaluating, subordinates. They may use performance evaluations to encourage, direct and change subordinates (Wiese & Buckley, 1998).

Having both the manager carrying out the appraisal and the employee setting goals mutually is crucial for the effectiveness of the performance evaluation. This can ensure that the employee will work harder to reach these goals as they participated in setting them initially. The degree of involvement of subordinates in the appraisal has been seen to be of benefit to the success of the system. Cawley et al 1998, proved that subordinate participation in the appraisal procedure is related to employee satisfaction and their acceptance of the performance appraisal system.

Employee contribution is a key element of intrinsic motivational strategies that help worker growing and development (Roberts, 2003). Floger 1987, as cited by Roberts (2003) stated that the participation of employees in the appraisal system gives employees a voice and empowers them to rebut ratings or feedback that they are unhappy with. Greater employee's participation is known to create an atmosphere of cooperation, which encourages the development of a coaching relationship, reducing tension, defensive behavior and rater- rate conflict which could be caused by the appraisal (Jordan, 1990).

Pettijohn, Taylor & Keillor 2001, stated that contribution and perceptions of fairness as integral to employees' perceptions of job satisfaction and organizational commitment. They conclude that performance evaluation systems can be used to actually improve employees' levels of job fulfilment, organizational commitment and work inspiration.

2.8 Performance Appraisal Techniques

As Moats (1999) points out, different performance appraisal techniques can be classified as either past-oriented or future-oriented.

2.8.1 Past-Oriented Techniques

According to Moats, past-oriented techniques assess behavior that has already occurred. They focus on providing feedback to employees about their actions, feedback that is used to achieve greater success in the future.

Moats presents techniques under this form as discussed below:

2.8.1.1 Rating Scales and Checklists:

According to Moats, some of the traditional forms of performance appraisals such as rating scales and checklists remain popular despite their inherent flaws. They entail an assessor providing a subjective assessment of an individual's performance based on a scale effectively ranging from good to bad or on a checklist of characteristics. Typically, basic criteria such as dependability, attitude, and attendance are listed.

The obvious advantage of these techniques is that they are inexpensive and easy to administer. Primary disadvantages include the fact that they are: highly susceptible to all forms of bias; often neglect key job-related information and include unnecessary data; provide limited opportunities for effective feedback; and fail to set standards for future success. Furthermore, subjective techniques such as rating scales are vulnerable to legal attack.

2.8.1.2 Behaviorally Anchored Rating Scales (BARS)

According to Moats a fairer approach to performance appraisal is behaviorally anchored rating scales (BARSs), which are designed to identify job-related activities and responsibilities and to describe the more effective and less effective behaviors that lead to success in specific jobs. The rater observes a worker and then records his or her behavior on a BARS. The system is similar to checklist methods in that statements are essentially checked off as true or false. Moats points out

however that, BARS differ in that they use combinations of job-related statements that allow the assessor to differentiate between behavior, performance, and results.

2.8.1.3 Forced-Choice Appraisals

Forced-choice appraisals consist of a list of paired (or larger groups of) statements. According to Moats the statements in each pair may both be negative or positive, or one could be positive and the other negative. The evaluator is forced to choose one statement from each pair that most closely describes the individual He contends that Forced-choice appraisals are typically easy to understand and inexpensive to administer, but they lack job relatedness and provide little opportunity for constructive feedback.

2.8.2 Future-Oriented Techniques

In contrast, Moats says that future-oriented appraisal techniques emphasize future performance by assessing employees' potential for achievement and by setting targets for both short- and long-term performance. He discusses these forms of techniques as presented below:

2.8.2.1 Management by Objectives (MBO)

Approach Moats describes this technique as usually goal oriented. In MBO, managers and employees work together to set goals with the intent of helping employees to achieve continuous improvement through an ongoing process of goal setting, feedback, and correction. As a result of their input, employees are much more likely to be motivated to accomplish the goals and to be responsive to criticism that arises from subsequent objective measurements of performance (McNamara 2000).

2.8.2.2 Assessment center evaluation

Moats refers to this as a more complex assessment method that is usually applied to managerial or executive prospects. It is a system of determining future potential based on multiple evaluations and raters. Typically, a group meets at a training

facility or evaluation site. They are evaluated individually through a battery of interviews, tests, and exercises. In addition, they are evaluated within a group setting during decision-making exercises, team projects, and group discussions. Psychologists and managers work together to evaluate the employees' future management potential and to identify strengths and weaknesses (Bodil 1997).

2.8.2.3 Psychological tests

Psychological tests are a much less intricate method of determining future potential. Moats says they normally consist of interviews with the employee and his supervisors and coworkers, as well as different types of tests and evaluations of intellectual, emotional, and work-related characteristics. The psychologist puts his or her findings and conclusions in a report that may or may not be shared with the employee.

2.8.2.4 Self-Appraisal

Another appraisal technique included in the future-oriented category is self-appraisal, which entails employees making evaluations of their own performance. According to Moats although self-assessment techniques may also be coordinated with past-oriented evaluations, they are particularly useful in helping employees to set personal goals and identify areas of behaviors that need improvement. The advantage of such appraisals, which may be relatively informal, is that they provide an excellent forum for input and feedback by superiors. In addition, they allow supervisors to find out what employees expect from themselves and from the organization or department (Bodil 1997).

2.9 Empirical Review

Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005). Malaysia (Sudin, 2011) and perceptions of employees of multinational companies in Malaysia (Darehzereshki, 2013). Outcomes of these studies found that perceived value of outcome and perceived fair treatment had increased when the appraisers able to clearly giving explanations about the

appraisal system goals, policies and procedures, as well as adequately providing feedback in determining employee performance scores.

Also another research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Pichler, 2012). For instance, employees satisfaction with the performance appraisal process as a whole, the performance appraisal feedback, or employees' evaluations of the perceived quality, justice, and fairness of the performance appraisal regime (Greenberg, 1986; Gupta & Kumar, 2013). Furthermore, employee participation in the performance appraisal process is positively related to the satisfaction with the performance appraisal system, perceived fairness, and acceptance of such a practice (Cawley et al., 1998).

Brown et al. (2010) analyze the relationship between performance appraisal quality measured by clarity, communication, trust, and fairness of the performance appraisal process and job satisfaction and commitment based on a sample of more than 2,300 Australian non-managerial employees of a large public sector organization. They find that employees who report a low performance appraisal quality (lowest levels of trust in supervisor, poor communication and lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment.

Furthermore, (Cawley et al., 1998) found that clarity of performance expectations affected the employee satisfaction to a great extent. Feedback mechanism and open door policy affected to employee satisfaction great extent. Integrity and fairness affected job perform and employees satisfaction to a great extent. In addition, distributive fairness affected job performance to a moderate extent.

Communication provides employees with the chance of exercising a level of process control. Trust in supervisors is important for determining satisfaction with the appraisal system.

Contemporary research studies have also linked performance appraisal to performance of employees as Resella, 2011 revealed that performance evaluation practices have a significant and positive impact on the performance of employees.

2.10 Conceptual Framework

The theoretical framework of this study was premised based on the concept that the characteristics of an effective PAS could influence employee's satisfaction. Generally speaking the basic purpose of the PAS is to improve performance of individuals, team, and the entire organizations.

The system may also serve to assist in making administrative decision concerning pay increase, promotion, transfer or termination and the following factors would assist in accomplishing the PAS to serve its purpose by making it effective. These factors are necessary for one PAS to be called an effective PAS. These important factors are, ongoing feedback, open communication, rewarding performance, fairness, and employee's participation.

Ongoing Feedback: It can provide employees with Clear understanding of their strengths and weaknesses to develop into a better performer in future and this might be increased employees satisfaction, and self-esteem of employees. It also create an opportunity to discuss career aspirations and any guidance. It will improved working relationships with supervisors. To keep employees satisfaction and knowledgeable, the supervisor needs to tell them when they are doing something right, not just when they are making a mistake.

Employees Participation: On the other hand, employees Participation will create better understanding for employees of their role and it will create belongingness in the organization. When the management provides a room to employees for participation in PAS, it conveying the message to the employees that they have value to organization. And also, employees can generate important ideas for improvements.

Employees Perception of Appraisal Systems

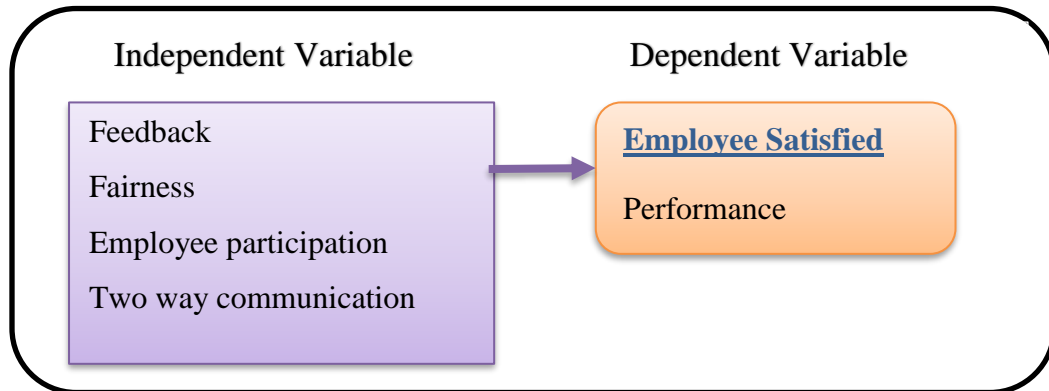
Most employees have mixed feelings with performance appraisal systems. Whilst some believe it carry some biases and largely fails to meet its objectives, others find it a means to justify their performance (Rasch 2004). According to Rasch (2004), managers commit mistakes while evaluating employees and their performance. Some of these biases are perceived by employees as ways of unfairly interpreting their performances.

Continuous open communication: An open communication should be encouraged between the employees and the management with respect to the appraisal process as well as any other concerns or suggestion that the employees may have. It will provide an opportunity to improve communication between the employees and management.

Performance appraisal is considered as a technique that has positive effect on work performance and employees satisfaction. If the PAS consider being effective and fulfilling the requirement of these factors, it will have positive effect on employee satisfaction but the opposite could result to dissatisfaction.

Based on the above conceptual framework of the study in the first place the elements that was aligned Performance Evaluation System independent variables are feedback, fairness, and two way communication and dependent variable employees satisfied. The graphical relationship of the independent variable Performance Evaluation System factors affecting employee satisfaction (performance evaluation) depends on the individual, consistency and agreement and dependent variable employees work performance measure by quality of work ability and related content, are represented as the conceptual framework of this study as follows:

Table 2.1 Conceptual Framework



(Source-Own conceptualization)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The Research was employed quantitative and qualitative approach to examine the effectiveness of Performance Evaluation System in World Vision Ethiopia. This chapter consists of methods that was used in establishing the effectiveness of Performance Evaluation System on World Vision Ethiopia, this includes the research design & Methodology, Research Approach, Research Design, Population and Sample, Data Sources and Types, Data Collection Procedures, Ethical Consideration and Data Analysis were employed include under this section.

3.2 Research Approach

The research was designed to assess the effectiveness of Performance Evaluation System. This study used a mixed research that combine both qualitative and quantitative approach which is deductive in nature and also which is concentrating on the Effectiveness of Performance Evaluation System on World Vision Ethiopia.

3.3. Research Design

Kothari, 2004) The research design is the overall strategy the research chooses to integrate the different components of the study in a clear and logical way. With descriptive research design the researcher has an opportunity to have a clear opinion of the problem from other related sources and narrows the research around these significant items. In this case the researcher implements a technique that leads to exact or almost detailed facts when carrying out the study. Therefore, the study will be adopted a quantitative and qualitative approach on the effectiveness of performance evaluation system.

3.4. Method of data Collections

(Kothari, 2004) The required firsthand information collected mainly through questionnaires and an interview. Those methods of data collection are more appropriate and easy for respondents to fill and forward their response and opinions

for each question. Furthermore, it is used to capture responses from respondents in standardized manner.

3.4.1. Sampling Technique

Primary data produced by the study were adjusted and tested for uniformity and reliability. The data were studied, characterized, tabulated and coded to address the research goals and the research questions. The data was then edited and tallied in frequency table. The standards corresponding to frequencies were then changed into percentages.. This was facilitated with the Statistical Package for the Social Science (SPSS). The samples respondents were requested to complete the questionnaire using hard copies and lotus email.

The sample size of the study was determined using the formula adopted from kreijcie and Morgan's (1970). Thus, the formula were used to calculate the sample size is:

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

Where N= is the total population

n= is the sample from the population

e= is the error term, which is 5% (i.e. at 95% confidence interval)

Using the above formula, the sample size of the study was determined as;

$$n = 150 / (1 + 150(0.05)^2) = 109$$

3.5 Data Sources and Types

Data was collected through primary and secondary sources that would able to directly answer and fulfill the objective of the study. From the primary source of data instrument, structured questionnaire which is modified form (Alemeshet, 2017) which is adopted form (Kothari, 2004).was used in the study to collect crucial information from head office staffs at World Vision Ethiopia. The secondary sources of data collection method would written materials which included review articles, books, and reports, published and unpublished materials.

3.6 Data Collection Procedures

Primary data was collected through the use of self-administered questionnaires. This method of data collection has its own advantage because of it is low cost, it was also proven to be free from bias of the respondents, it also gave the correspondence adequate time to give well thought answers and since large samples could be made use of the results were more dependable and reliable (Kothari, 2004). The questionnaire contained structured questions using a method of Likert Scale ranging. To improve the response rate, there was a cover letter explaining the reasons for the research, why the research is important, why the subjects was selected and a guarantee of the respondents' confidentiality will provided. To collect the data the research himself will involve in the collection of the questionnaire in order to make the respondents feel comfortable about their response they gave and give support to rater while they are filling the questionnaire. Before distributing the questionnaire permission was obtain from People & Culture Division Director.

3.7 Ethical Consideration

Ethical conduct states that it is the responsibility of the researcher to assess carefully the possibility of harm to research participants, and to the extent that it is possible, the opportunity of harm would be reduced (Bryman & Bell, 2007). During the data collection and interpretation processes, the researcher convinced the participants that any confidential information they disclose will keep confidential and convince them the important of the study will to help the organization and the employees. The respondents also was told that, the exercise will only for academic purposes and that confidentially will assured and no one would fall a victim because of any adverse findings in connection with their professional duties. This was to be done in order to motivate them to give their responses without reservation. Every questionnaire attached to a cover letter which clearly explained the purpose of the survey. The questionnaire didn't require the names of the respondents; this was to protect their identity and remain anonymous. As a result, the employees were aware

from the beginning what the researcher was doing, why and where the information was going and why it was being gathered.

3.8. Data Analysis

The researcher was engaged both quantitative and qualitative data analysis. Descriptive statistics data analysis method applied to analyze numerical data gathered using open ended questions. The Statistical Package for Social Sciences (SPSS) computer software was use for analysis to generate data array that was used for subsequent analysis of the data. The data was cleaned, coded, categorized per each of the research variables and then analyzed using descriptive analysis such as percentage and mean. Pearson correlation was supported out to create the relationship between the research variables. The findings was presented using tables, since tables are user friendly and shows response frequencies as well as percentages of the respondents' opinions on Assessment, : Effectiveness of Performance Evaluation system of the case study in World Vision Ethiopia. Qualitative data analyses method were applied to analyze the data gathered using open end questions were the respondents contributed their personal opinions on Assessment, effectiveness of Performance Evaluation System: The case of World Vision Ethiopia.

3.9. Validity and Reliability

Reliability is the degree to which a measurement process yields the same answer however and whenever it is approved out. The reliability of the scale was determined by Crobch"s alpha method. According to Bryman and Bell (2003) the Crobch's alpha result of 0.7 and above implies acceptable level of internal reliability. Validity is the degree to which it gives the correct answer (Kirk and Miller, 1986). It indicates the degree to which an instrument measures what it is supposed to measure. To ensure validity, questionnaire papers were modified according to literatures within the specific topic and were reviewed by professionals and academicians.

Table 3.1 Cronbach's Alpha Test Resulted from SPSS Case Processing

Summary

| Reliability Statistics | | |
|-------------------------------|--|-------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | No of Items |
| 0.713 | 0.711 | 19 |

Source: Own survey, 2020

As shown in the above table the reliability of the scale was determined by Cronbach's alpha score. According to Bryman and Bell(2003) the Cronbach's alpha result of 0.7 and above implies acceptable level of internal reliability. Based on the Cronbach's alpha, the internal consistency is reliable at 0.713.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents findings and analysis, explanation and discussion from the study about the effectiveness of performance evaluation system. The main focus of this research is to examine the effectiveness of performance evaluation system.

4.2 Demographic Characteristics of Respondents

Out of 109 distributed to the employees of World Vision Ethiopia at head office staffs 81(74.3%) questionnaires were returned with full information. The demographic variable of the respondents such as gender, education, age, position and length of work year they have stayed in the World Vision Ethiopia was collected and the results presented as follows.

4.2.1 Gender of respondents

Male respondents dominate gender category with 64.2% (n=52) of them respondents the remaining 35.8 % (n=29) were female.

Table 4.1 Gender profile of respondents

| Gender of respondents | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|--------|-----------|---------|---------------|--------------------|
| Valid | Male | 52 | 64.2 | 64.2 | 64.2 |
| | Female | 29 | 35.8 | 35.8 | 100 |
| | Total | 81 | 100 | 100 | |

Source: Own Survey, 2020

Table 4.2 Education profile of respondents

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|---------|-----------|---------|---------------|--------------------|
| Valid | Degree | 23 | 28.4 | 28.4 | 28.4 |
| | Masters | 58 | 71.6 | 71.6 | 100.0 |
| | Total | 81 | 100.0 | 100.0 | |

Source Own Survey, 2020

With respect to the educational level of the respondents, 23(28.4%) of the respondents were degree holders. 58(71.6%) of the respondents were masters holders. Depending on the response it can be said that most employees of WVE are qualified at Master’s degree level followed by bachelor degree. This implies that WVE has more qualified manpower that has potential for the development of both individual and organizational performance.

4.2.3 Age of respondents

As it is indicated below in table 4.3 the age category found majority of the respondents that in the age group of 31-40 years which is 50.6 % of the respondents. The second respondents that in the age group of 41-50 years which is 39.5% of the respondents and finally the remaining small proportion shows that they were in the age category of 20-30 and 51-60 years which is 4.9% of the respondents.

Table 4.3 Age profile of respondents

| Respondents age in years with range | | | | | |
|-------------------------------------|-------|-----------|---------|---------------|--------------------|
| | Age | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 20-30 | 4 | 4.9 | 4.9 | 4.9 |
| | 31-40 | 41 | 50.6 | 50.6 | 55.6 |
| | 41-50 | 32 | 39.5 | 39.5 | 95.1 |
| | 51-60 | 4 | 4.9 | 4.9 | 100.0 |
| | Total | 81 | 100.0 | 100.0 | |

Source Own Survey, 2020

4.2.4 Years of work experience

Most of the participants here is under table 4.4, 13 respondent (16%) has been working for the company less than five years. 29 respondent (35.8 %) of all participants have been employed for 5-10 years. 23 respondents (28.4%) of all participants have been employed for 11-15 years and employees who have been working above 15 years are composed of 16 respondent 19.8 %.

Table 4.4. Working experience of respondents

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
|--|-----------|---------|---------------|--------------------|

| | | | | | |
|-------|----------------------|----|-------|-------|-------|
| Valid | Less than five years | 13 | 16.0 | 16.0 | 16.0 |
| | 5-10 years | 29 | 35.8 | 35.8 | 51.9 |
| | 11- 15 years | 23 | 28.4 | 28.4 | 80.2 |
| | Above 15 years | 16 | 19.8 | 19.8 | 100.0 |
| | Total | 81 | 100.0 | 100.0 | |

Source Own Survey, 2020

Table 4.5 Position profile of respondents

| | | Frequency | percent | Valid Percent | Cumulative Percent |
|--------------|----------------|-----------|---------|---------------|--------------------|
| Valid | Managerial | 15 | 18.5 | 18.5 | 18.5 |
| | Non Managerial | 66 | 81.5 | 81.5 | 81.5 |
| | Total | 81 | 100 | 100 | |

Source Own Survey, 2020

Table 4.6 Continuous open communication profile of respondents

| | N | Minimum | Maximum | Sum | Mean | Std. Deviation |
|--|----|---------|---------|-----|------|----------------|
| I am satisfied with the way the evaluator conducted my performance review. | 81 | 1 | 5 | 264 | 3.26 | 1.058 |
| Valid N (listwise) | 81 | | | | | |

Source Own Survey, 2020

From the above analysis result, this study finding is supported by the studies of *Zaidatol&Bagheri (2009)* described their level of satisfaction with mean score. This question is the result below which is <3.39 so that is low level of satisfaction. If performance appraisals are perceived as unsatisfied therefore, the benefits of performance evaluations can diminish rather than enhance employee's positive attitudes and performance (Thomas & Bretz, 1994).thus, the company applied this criteria's of performance evaluation in performance evaluation as result low satisfaction.

4.2.7 Analysis of the Current Ongoing Feedback in WVE at head office

Employees were requested their level of agreement regarding to the following statements about the ongoing feedback the organization among the five options given (strongly disagree=1, disagree=2, neutral=3, agree=4, and strongly agree=5)

Table 4.7 Ongoing Feedback profile of respondents

| Questions | S. Disagree | | Disagree | | Neutral | | Agree | | Strongly | | Total | | Mean | Std. Deviation |
|---|-------------|------|----------|------|---------|------|-------|------|----------|------|-------|-----|------|----------------|
| | F | % | F | % | F | % | F | % | F | % | F | % | | |
| I receive regular and timely performance feedback beside the annual performance review | 2 | 2.5 | 18 | 22.2 | 16 | 19.8 | 34 | 42 | 11 | 13.6 | 81 | 100 | 3.42 | 1.059 |
| The information provided by my supervisor during my performance feedback is accurate | 3 | 3.7 | 6 | 7.41 | 14 | 17.3 | 49 | 60.5 | 9 | 11.1 | 81 | 100 | 3.68 | 0.906 |
| The performance feedback I receive helps me to improving my job performance and to attain my goals. | 1 | 1.24 | 3 | 3.7 | 8 | 9.88 | 46 | 56.8 | 23 | 28.4 | 81 | 100 | 4.07 | 0.803 |
| The feedback I get helps me to gain insight about my weakness and strength. | 2 | 2.47 | 4 | 4.94 | 16 | 19.8 | 43 | 53.1 | 16 | 19.8 | 81 | 100 | 3.83 | 0.838 |

Source Own Survey, 2020

As showed from the above table 4.7 the majority of the respondents 42% agreed and 13.6 strongly agree that, they receive regular and timely performance feedback beside the annual performance review while 2.5% strongly disagree and disagree 22.2% and 19.75% were neutral. For question two, 60.49% of respondents have said information provided by my supervisor during my performance feedback is accurate, the other 3.7% and 7.41% of the respondents strongly disagree and disagree, and 17.28% were neutral. As question 3 response shows majority of the respondents 56.8% agreed that the performance feedback they receive helps them to improving their job performance and to attain their goals and 1.35% and 3.7% of them strongly disagree and disagree. For the fourth question the majority of the respondent 53.09% explain they were agreed towards the feedback they get helps

them to gain insight about their weakness and strength, While 2.47% and 4.94% of the respondents strongly disagreed and disagreed. Therefore, we can conclude that there is effective ongoing feedback in the World Vision to help and meet the employee’s needs.

4.2.8 Analysis of Employees Perception about Fairness of the PES

Employees requested to express their perception about the fairness of the current PES rating their level of agreement to the questions listed below.

Table 4.8 Employee’s perception profile respondents

| Questions | S. Disagree | | Disagree | | Neutral | | Agree | | Strongly | | Total | | Mean | Std. Deviation |
|--|-------------|------|----------|------|---------|------|-------|------|----------|------|-------|-----|------|----------------|
| | F | % | F | % | F | % | F | % | F | % | F | % | | |
| I trust the PES in my organization is rational and fair. | 7 | 8.6 | 15 | 18.5 | 17 | 21 | 36 | 44.4 | 6 | 7.41 | 81 | 100 | 3.23 | 1.11 |
| I feel fairly treated in every way in the PES. | 6 | 7.41 | 10 | 12.4 | 17 | 21 | 40 | 49.4 | 8 | 9.88 | 81 | 100 | 3.47 | 0.989 |
| I get fair feedback from my supervisor and proportion reward to my performance. | 3 | 3.7 | 15 | 18.5 | 18 | 22.2 | 40 | 49.4 | 5 | 6.17 | 81 | 100 | 3.37 | 0.955 |
| I evaluated fairly according to the setting standards without subjectively and biased. | 1 | 1.23 | 10 | 12.4 | 22 | 27.2 | 40 | 49.4 | 8 | 9.88 | 81 | 100 | 3.51 | 0.937 |

Source Own Survey, 2020

As illustrated in the above tables employees response rate regarding to the statement of the PES is rational and fair the response rate was 27.1% of strongly disagree and disagree,51.81% of agree, and 21% were neutral most of the respondents. 55.57% strongly agreed and agreed that they fairly treated in every way of the PES, 19.76% of them disagree, and 20.99% were neutral. Out of 100%, 59.26% of the respondents agreed with the evaluation is fair and objective, while 13.58% of disagree with this statement and the rest of 27.16% were neutral. Finally based on this results the attitude of employees toward the fairness of the current PES is positive.

4.2.9 Analysis of Employees Participation in the PES

Employees requested to select the level of agreement concerning to their participation in the PES and employees response rate to the statement presented in the table below.

Table 4.9 Employee’s participation profile respondents

| Questions | S. Disagree | | Disagree | | Neutral | | Agree | | Strongly | | Total | | Mean | Std. Deviation |
|---|-------------|-------|----------|-------|---------|-------|-------|-------|----------|------|-------|-----|------|----------------|
| | F | % | F | % | F | % | F | % | F | % | F | % | | |
| There is a two way communication with both managers and employees for expressing their views. | 4 | 4.94 | 5 | 6.17 | 9 | 11.11 | 53 | 65.43 | 10 | 12.4 | 81 | 100 | 3.74 | 0.932 |
| I find difficult to discuss work issues with my managers. | 15 | 18.52 | 2 | 2.47 | 7 | 8.64 | 40 | 49.38 | 17 | 21 | 81 | 100 | 2.04 | 1.249 |
| The PES provide a scope for well communication the overall business and plans to the employees. | 5 | 6.173 | 13 | 16.05 | 17 | 20.99 | 38 | 46.91 | 8 | 9.88 | 81 | 100 | 3.38 | 1.067 |

Source Own Survey, 2020

Based on the result presented on the above table 4.4 regarding with the statement of there is two way communication majority of the respondents 77.78% strongly agreed and agreed, while 11.11% were and 11.11% were neutral. Most of the employees 70.37% were find it easy to discuss work issue with their managers, and 20.99% were disagreed with the statement, the rest 8.64% were neutral. For the last question majority of the respondents agreed with the PES provide a scope for well communication 56.79%, 22.22% were disagree and 20.99% were neutral. The result infers is that the majority of the respondents with there is well and open communication in their organization.

4.2.10. Response Summary of the Continuous Open Communication

Employees requested to select the level of agreement concerning to continuous open communication there in the PES and employees response rate to the statement presented in the table below.

Table 4.10 Continuous open communication profile of respondents

| Questions | S. Disagree | | Disagree | | Neutral | | Agree | | Strongly | | Total | | Mean | Std. Deviation |
|--|-------------|------|----------|-------|---------|-------|-------|-------|----------|-------|-------|-----|------|----------------|
| | F | % | F | % | F | % | F | % | F | % | F | % | | |
| Performance evaluation is linked with salary increase, promotion and payment of bonus in World Vision? | 11 | 13.6 | 5 | 6.20 | 8 | 9.88 | 44 | 54.3 | 13 | 16.00 | 81 | 100 | 3.53 | 1.236 |
| I rewarded proportional to my individual performance. | 5 | 6.2 | 19 | 23.50 | 14 | 17.3 | 40 | 49.4 | 3 | 3.70 | 81 | 100 | 3.21 | 1.045 |
| Hard work is not necessarily recognized or rewarded | 22 | 27.2 | 11 | 13.60 | 16 | 19.8 | 6 | 7.41 | 26 | 32.10 | 81 | 100 | 3.07 | 1.202 |
| The PES is regularly carried by the responsible appraiser. | 6 | 7.41 | 7 | 8.64 | 17 | 21 | 41 | 50.62 | 10 | 12.35 | 81 | 100 | 3.52 | 1.062 |
| I am confident because the evaluator knows enough about the Performance evaluation to evaluate me. | 5 | 6.2 | 8 | 10.00 | 8 | 10 | 51 | 63 | 9 | 11.00 | 81 | 100 | 3.63 | 1.018 |
| The appraiser helps me to understand what need to be done to improve my performance. | 2 | 2.5 | 6 | 7.41 | 22 | 27.16 | 46 | 56.8 | 5 | 6.18 | 81 | 100 | 3.56 | 0.806 |
| I am satisfied with the way the evaluator conducted my performance review. | 6 | 7.41 | 15 | 18.52 | 16 | 19.8 | 40 | 49.4 | 4 | 4.94 | 81 | 100 | 3.26 | 1.058 |
| I evaluated fairly according to the setting standards without subjectively and biased. | 4 | 4.94 | 17 | 21 | 16 | 19.75 | 41 | 50.62 | 3 | 3.70 | 81 | 100 | 3.27 | 1 |

Source Own Survey, 2020

Table 4.10 can clearly explain that among the respondent, majority of the respondents 67.3% agree that Performance appraisal is linked with salary increase, promotion and payment of bonus in the WVE and, 9.88% of respondents were neutral and 19.8 % agree with the, the second question also 53.1% agree that the respondents rewarded proportional with individual performance and 29.7% disagree with the, and 17.3% respondents were neutral. And the 3rd question also hard work is not necessary recognized or rewarded 39.51% of the respondents agree

that hard work is not recognized in the WVE, and 49.8% of them disagree with this statement. The results show that there is a considerable amount of variety throughout the organization as to whether rewards and promotion are linked to the results of the performance evaluation. Regarding question four 62.97% participants were agree that the PES is regularly carried by the responsible appraiser and 62.97% participants were disagree and 21% were neutral. Whether they are confident on the appraiser knowledge about the PES the majority of the respondents 74% of the respondents agree and strongly agree, 16.2% were disagree, and 10% were neutral and also 62.9% the respondents agree with the appraiser helps them to understand what need to be done to improve their performance, while 9.91% of the respondents strongly disagree and disagree. The rest 27.16% were neutral. The participants are satisfied or not with the appraiser who conduct their performance appraisal, and 54.34% agree, 25.93% disagree and 19.8% of the respondents were neutral. Thus, the findings indicated that majority of the respondents satisfied with their appraisers.

The last question of this sub section is whether 54.3% of the respondents agreed with the evaluation is fair and objective, while 25.94% of disagree with this statement and the rest of 19.75% were neutral. Finally based on this results the attitude of employees toward the open communication of the current PES is positive.

Table 4.11 Aggregate mean of major variable

| | Ongoing Feedback | Employees Perception about Fairness in the PE | Employees Participation in the PE | Open Communication |
|------|------------------|---|-----------------------------------|--------------------|
| Mean | 3.75 | 3.39 | 3.05 | 3.38 |

Source Own Survey, 2020

According to the above table 4.11 shows that the aggregate mean on ongoing feedback of employee performance evaluation result 3.75 which is higher than the standard value of the average 3.4 so as the organization performance evaluation system is effective. On the other hand employees' perception about fairness in the PE of the average mean is 3.39 which is slightly lower than the standard average of the mean so that the organization performance evaluation system needs continuous improvement. On employee's participation in the PE with mean score in this variable questions are the result 3.05 which is lower than the standard value of the

average so that the organization performance evaluation system needs improvement. Whereas on continuous open communication rewarding performance of the average mean is 3.38 which is slightly lower than the standard value of the average performance evaluation, so that the organization performance evaluation system also need continuous improvement.

4.3. Interview questioner discussion

Based on the interview question given for HR, finance, procurement and administrative department of WVE all most the interviewees revealed “what are the objectives for the introduction of the performance evaluation system in your organization”, they responded that “aimed at enhancing the culture of coaching for better performance and foster a culture of accountability for performance in our organization. It is also mean to create an atmosphere of openness and support between employees and their supervisors for better performance measurement”. With regard “how have these objectives been arrived at”, they responded that “can achieve these objectives by regularly following up and mentoring staff under our supervision and also regular performance recording is advised and which helps the managers to give evidence based on feedback it is formally done twice a year”. With regard “were these objectives set with the engagement of staffs?” in addition they responded that “primarily staff will set the objectives based on the job and priorities set for the jobholder and the line manager will review and sit for discussion after then the agreement is set and also they confirmed on employee giving input and involvement practice”. With regard “effectiveness of the performance evaluation system, are the objectives for instituting the evaluation system being met?” then majority of them responded that ‘yes’ some of them are responded ‘no’. With regard “how has performance evaluation contributed to the organizational productivity or effectiveness?” for this question majority of them responded that “every staff will have responsible to work their job with effective and efficient manner, undergone performance evaluation helped employees to know their strength and work on their growth areas for further improvement and it also contributed for organization effectiveness and efficiency.” With regard “how

has it affected/improved employees' professional development?", majority of them responded that "particularly for those employees who have internalized and made the process applied, it affected their professional life for it enabled them to gain financial incentive (salary increment) and motivations and even adapting to dynamics too but few employees responded that "it has little impact on the professional development of employees as most of the personal and professional development plans are seldom implemented". With regard "Challenges of the performance Evaluation System, what are the challenges facing the effective implementation of the appraisal system?", they also responded that "the evaluation system is subject to the organizational quota system that employees will not be evaluated per their performance merits as the guidelines limit the % of employees to be evaluated for outstanding and commendable levels resulting in demotivation of employees for aspiring a higher performance". With regard "how are the challenges affecting the implementation of performance evaluation?" they responded that "being subjectivity, unclear performance criteria and in some cases in addition it is observed while creating points of misconceptions, grievances and distances between staff and management". Finally regarding "how are these challenges being addressed?", they responded that "making the system so transparent, continual and engaging, the people on the other hand culture is trying to teach the culture of continuous discussion among the managers and supervisee to foster a culture of continuous performance review at least on quarterly basis but there is a long way to go to improve organization performance".

From the above note with regards to this (Armstrong, 2006), said that Performance Management can be clear in place of a systematic process for improving organizational performance by developing the performance of individuals and teams. According to this the organization of performance evaluation system should be planned in such a way that they create perceptions of fair treatment relative to other employees as well as the employee's own expectations. This can contribute significantly to positive attitudes which have been revealed in this study to be a significant determinant of performance evaluation.

The study also shows that employees vary in their feeling for performance evaluation system following a performance evaluation. WVE should therefore familiarize a more individual approach in linking performance evaluation results to ongoing feedback, participation, perception, fairness and continuous open communication. Therefore WVE should take measurement towards improving of the organization performance evaluation system.

CHAPTER FIVE: Summary of Findings, Conclusion and Recommendations

As per an outcome of having gone through the analysis and interpretation of the data found from both the questionnaires and interview the learner researcher come up with the following summary of findings.

5.1 Summary of Findings

The result found from descriptive statistics show that majority of respondents are agrees and satisfied with ongoing feedback (M=3.40), fairness of PES (M=3.04), and participation in PES (M=3.41), continuous open communication (M=3.23). The findings of the result have shown that the Performance Evaluation system in the organization does contain many of the important factors that make the system effective. The system could enhance satisfaction of the staff and improves their performance. While the system has its flaws and needs a lot of improving to get it to where it needs to be, it is going in the right direction and has some positive results.

5.2 Conclusions

The main objective of the study was to evaluate the effectiveness performance evaluation system on employee. The study targeted a total of 109 respondents. However, only 81 respondents responded and returned their questionnaires contributing to 74% response rate. The Data was collected using structured questionnaires. The data was analyzed into frequency distribution, percentages, mean and standard deviation using the Statistical Package for Social Sciences (SPSS). The data was presented using tables. Respondent from gender, educational background, different age group, year of experience and job position are represented in the data collected. In order to search all the essential information that best defines the practice of the effectiveness performance evaluation system, descriptive survey research design was applied using qualitative and quantitative approach.

From the summary of the findings and based on the objectives of the study the researcher draw the following conclusion concluded. The current performance evaluation system is important on employee performance review. This is due to, regular and accurate feedback that could help them to improve their performance by gaining insight about their weakness and strength; trained and well educated appraiser were conduct employees evaluation; there is continuous open communication with the supervisors; and the PES is unbiased and fair. It is not clear that the performance evaluation system recognize hard work, which is essential for employee performance review. Rewarding performance can be considered as a technique that has a positive effect on employee performance satisfied. There is no clear link between performance evaluation and the organization. Furthermore employee Performance evaluation has different purposes and from the four purposes, the primary purpose is found to be feedback to employees which indicates how an employee is understood by his/her rater. It gives the sense of accomplishment and fills the gap in expectations. Many systems lack such clear indication. This is a more psychological result than other practical purposes effective performance evaluation system related to like ongoing feedback, participation, perception, fairness, continuous open communication which are also indicated in the study.

To conclude, effective PES existed in the organization, however there are some problems in the performance evaluation system. And majority employee's response regarding to employees perception to the current PES were moderately satisfied. The four indicators or factors of effective PES, ongoing feedback, employee perception about fairness of the PES, employee's participation in the PAS and continuous open communication have strong and significantly positive effect on employee's participation in the PES have insignificant effect on employee's perception. Thus effective PES implemented in the organization it would affect employees satisfaction on performance review in positive ways.

The employees may be changed their perception if the evaluation process is based on accurate and current job descriptions. The performance evaluation identifies performance problems to improve employee productivity and inspiration.

Again, Moats says the informative function is fulfilled when the appraisal system supplies data to managers and evaluates about individual strengths and weaknesses. It must also be emphasized that the uniformity of the evaluation structure is vital because it ensures that all employees are evaluated on a standardized scale. Evaluations that are not uniform are less effective because the criteria for success or failure become arbitrary and valueless. Additionally, uniformity allows a company to systematically compare the appraisals of different employees with each other.

The general conclusion therefore is that organizations should seriously consider methods and systems that would help them administer their appraisal process effectively so that the stated objectives will be achievable and subsequently translate into the organization's performance.

5.3 Recommendations

The findings have exposed many potential weaknesses that are preventing the effectiveness of the system that could affect employee's performance review. The organization needs to improve the performance evaluation system accordingly if it is to be successful in carrying out its objective. Based on the results of the study, the following recommendations have been drawn for the organization to make their evaluation system more effective.

- Ongoing feedback should be given to employees regularly and must be accurate. Schedule should be developed in the planning stage of the PES too provide regular feedbacks; it may be weekly or monthly. The study observed although they were in the majority respondents are fairness of the appraisal process in the organization therefore the organization has to be continue more fairness accordingly.
- Employees should participate in the designing of the performance evaluation system; it helps the evaluation to reach its potential and to be benefited to all involved there needs to be a higher level of employee involvement in the system than there is at present. Thus providing various opportunities for employee's to

participate in the PES process and giving training to help them to understand about the PES, so they have to know how in the PES process.

- Performance evaluation system should involve an open communication where both managers and employees have clear understanding of nature, purpose and problems of the evaluation, and it helps to identify what improvement need to be done by communicating with employees. This will be done by providing a discussion session, workshops, and other communication methods with employees.
- The need to ensure effective supervision: Finally, one of the challenges that usually confront the implementation of an evaluation is the fact that some of supervisor are not supported by continued coaching of the employee throughout the year that it does not give opportunity to learn, adapt and improve performance. It has not yet become a culture not display the right attitude to help the process. Although this was not found WVE, there is the need for supervisors to enhance the process by exhibiting the right attitude. This will go a long way to create the right enthusiasm among staff.

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Appendix I
ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

GRADUATE PROGRAM IN HUMAN RESOURCE MANAGEMENT

Research Questionnaire

My name is Etagegnehu Assefa. I am a candidate for a Master's degree in Human Resource Management at Addis Ababa University School of Commerce. The purpose of this questionnaire is to collect data on the effectiveness of performance evaluation system on employees in World Vision Ethiopia. Kindly cooperate in filling the questionnaire as your genuine, complete, and timely responses are crucial for the success of my study. I would like to assure you that the data to be collected is purely for academic purpose and your responses will be kept confidential. Therefore, I kindly request you to respond each item carefully and genuinely.

General Instructions

- No need of writing your name
- Please use “√” mark for your answer to alternative part of the questionnaire and short narrative response for open ended part
- PES means performance Evaluation system

Thank you for your cooperation and timely response in advance

Section I: Background Information

1. Gender 1. Male 2. Female

2. Educational Level

1. Diploma 2. Degree 3. Masters

4. Other

3. Age (in year)

A. 20-30 B. 31-40 C. 41-50 D. 51-60

4. Years of work experience in WVE (in year)

A. Less than 5 year's B. 5-10 C. 11-15 D. Above 15

5. Your current position

1. Managerial

2. Non-managerial

Section II: Feedback of Effective Performance Evaluation System (PES) on Employee performance Indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where, 1“strongly disagree, „2“ disagree, „3“ neutral, 4“ agree, „5“ strongly agree. Please tick (√) in the box that best reflects your answer where:

| | Part of effective PES | Measurement of scale | | | | |
|--|---|-----------------------------|--|--|--|---|
| | Statement about the element factors of effective PES and the extent of their implementation in the existing performance evaluation system | | | | | 5 |
| | Ongoing Feedback | | | | | |
| | I receive regular and timely performance feedback beside the annual performance review. | | | | | |
| | The information provided by my supervisor during my performance feedback is accurate. | | | | | |
| | The performance feedback I receive helps me to improving my job performance and to attain my goals. | | | | | |
| | The feedback I get helps me to gain insight about my weakness and strength. | | | | | |
| | Employees Perception about Fairness of PES | | | | | |
| | I trust the PES in my organization is rational and fair. | | | | | 5 |

| | | | | | | |
|--|--|--|--|--|--|---|
| | I feel fairly treated in every way in the PES. | | | | | |
| | I get fair feedback from my supervisor and proportion reward to my performance. | | | | | |
| | I evaluated fairly according to the setting standards without subjectively and biased. | | | | | |
| | Employees Participation on PES process | | | | | 5 |
| | There is a two way communication with both managers and employees for expressing their views. | | | | | |
| | I find difficult to discuss work issues with my managers. | | | | | |
| | The PES provide a scope for well communication the overall business and plans to the employees. | | | | | |
| | Continuous open communication Rewarding Performance | | | | | 5 |
| | Performance evaluation is linked with salary increase, promotion and payment of bonus in World Vision? | | | | | |
| | I rewarded proportional to my individual performance. | | | | | |
| | Hard work is not necessarily recognized or rewarded | | | | | |
| | The PES is regularly carried by the responsible appraiser. | | | | | |
| | I am confident because the evaluator knows enough about the Performance evaluation to evaluate me. | | | | | |
| | The appraiser helps me to understand what need to be done to improve my performance. | | | | | |

| | | | | | | |
|--|--|--|--|--|--|--|
| | I am satisfied with the way the evaluator conducted my performance review. | | | | | |
| | I evaluated fairly according to the setting standards without subjectively and biased. | | | | | |

Appendix II

Interview Guide

TOPIC: Effectiveness of Performance Appraisal System: The case of World Vision Ethiopia

Introduction: This study is assessing the effectiveness of performance appraisal system in World Vision Ethiopia. The researcher would like to assure you that this study is just an academic exercise and every information will be treated as confidential. Thank you for assisting.

1. Objectives of the performance Evaluation System

a. What are the objectives for the introduction of the performance evaluation system in your organization/WVE?

.....
.....

b. How have these objectives been arrived at?

.....
.....

c. Were these objectives set with the engagement of staffs?

.....
.....

2. Effectiveness of the performance Evaluation System

a. Are the objectives for instituting the evaluation system being met? (Yes/No) .

b. How has performance evaluation contributed to the organizational productivity/effectiveness?

.....
.....

c. How has it affected/improved employees' professional development?

.....
.....

3. Challenges of the performance Evaluation System

a. What are the challenges facing the effective implementation of the appraisal system?

.....

.....
b. How are the challenges affecting the implementation of performance
evaluation?
.....

.....
c. How are these challenges being addressed?
.....
.....