



# **Assessing Employees Performance Management System of Hilton Addis Ababa Hotel**

BY

Selamawit Girma

A PROJECT PAPER

SUBMITTED TO THE SCHOOL OF COMMERCE OF ADDIS ABABA UNIVERSITY  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF ARTS IN HUMAN RESOURCE MANAGEMENT (MA)

ADVISOR

Tariku Jabana (PHD)

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

MA-PROGRAM

MAY, 2016

ADDIS ABABA

## **Declaration**

I, the undersigned, declare that this thesis entitled is my original work, under the guidance and suggestion of the research advisor and that all source materials used for the study have been duly acknowledged. It is offered for the partial fulfillment of the degree of MA in Human Resource Management. This study has not been submitted for any degree in this university or any other university

Selamawit Girma

Signature \_\_\_\_\_

Date \_\_\_\_\_

Advisor's Name Dr. Tariku Jabana

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Assessing Employees Performance Management System of  
Hilton Hotel Addis Ababa**

**By**

**SELAMAWIT GIRMA**

**Approved by the Board of Examiners:**

_____	_____	_____
<b>Name of Advisor</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____
<b>Name of Internal Examiner</b>	<b>Signature</b>	<b>Date</b>

_____	_____	_____
<b>Name of External Examiner</b>	<b>Signature</b>	<b>Date</b>

<b>Table of Contents</b>	<b>Page</b>
LIST OF TABLES .....	I
ABBREVIATIONS .....	II
ACKNOWLEDGMENTS .....	III
ABSTRACT.....	IV
 <b>INTRODUCTION</b>	
1.1 Background of the study .....	1
1.2 Statement of the problem.....	3
1.3 Objective of the study .....	4
1.3.1 General objectives.....	4
1.3.2 Specific objectives .....	4
1.4 Significance of the study.....	5
1.5 Delimitation and Limitation of the study.....	5
1.6 Organization of the Paper .....	5
 <b>CHAPTER TWO</b>	
<b>LITERATURE REVIEW</b>	
2.1 Introduction.....	6
2.2 The Concept of Performance Management .....	6
2.3 Perspectives of Performance Management.....	7
2.4 Purposes and aims of performance Management .....	8
2.5 Challenges of Performance Management .....	9
2.6 Performance Management process .....	9

2.7 Alignment and Integration in Performance Management.....	19
2.8 Employee Participation in Performance Management .....	17
2.9 Management review/Calibration meetings .....	17
2.10 Conceptual Framework of the Study .....	18

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

3.1 Research Design of the study.....	19
3.2 Population of the study .....	19
3.3 Sample Size determination and Sampling Techniques.....	19
3.4 Data gathering instruments/tools .....	20
3.5 Test of the Soundness of the Measurement Used .....	21
3.5.1 Validity .....	21
3.5.2 Reliability.....	22
3.6. Method of Data Analysis and presentation.....	23

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSES AND INTERPRETATION**

4.1 Introduction.....	24
4.2 Performance Management practices of Hilton Addis Ababa Hotel.....	25
4.3 Purposes of Performance Management at Hilton Addis Ababa Hotel .....	47
4.4 Challenges of performance management system.....	42

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

5.1 Summary of findings.....	45
5.2 Conclusion .....	47
5.3 Recommendations.....	49
5.4 Future Research Directions.....	51
Appendix	

## LIST OF TABLES

Table 1: Sample Size for the Study.....	20
Table 3.1 Results of reliability analysis .....	22
Table 4.1 the percentage and frequency distribution of demographic characteristic .....	24
Table 4.2.1 Alignment Factors.....	26
Table 4.2.2 Performance planning .....	28
Table 4.2.3 Performance Execution.....	32
Table 4.2.4 Performance Assessment .....	34
Table 4.2.5 Performance Review .....	38
Table 4.3.1 Performance Management purposes .....	40

## **ABBREVIATIONS**

PMS - Performance Management System

SPSS-Statistical Package for Social Science

HRM- Human Resource Management

PDR- performance Development Review

KPI – Key Performance Indicators

HR – Human Resource



## **ACKNOWLEDGEMENTS**

I would like to take the opportunity to sincerely thank those who helped me finish the research successfully. First of all, I deeply appreciate my advisor Tariku Jabana (PhD) for his professional assistance, patience and understanding enabled for the completion of this study. Besides, thanks to Hilton Hotel Addis Ababa and all the staff who showed their willingness to give me the necessary data. I will never be able to complete the research without their cooperation. I am grateful for their contributions. Finally, I would like to extend my gratitude to those who provide direct and indirect support to help me complete my research.

## **ABSTRACT**

*The main purpose of this study is to assess employees Performance Management system of Hilton Addis Ababa Hotel. The study tried to address the basic questions of how the alignment is made between organizational goal and employee's goal, how the planning, execution, assessment and review process was handled and identifying the purpose of having PMS in Hilton Addis Hotel and challenges faced while implementing performance management. To answer these questions descriptive survey research design has been deployed by using both quantitative and qualitative research approach. The total number of staff at Hilton Addis Ababa Hotel is 765 and for this study simple random sampling technique was used to take 240 employees to fill in the self developed questionnaire, which is the main data collection instrument. The data gathered from the questionnaire were compiled by using SPSS software. Descriptive statistics method was used for analyzing data obtained from questionnaire and data gathered from interview. The result of the analysis was presented using tables. The main findings of the study revealed that organizational goals were not fully aligned with organizational and individual goals, participation of employee's in the planning, execution, assessment and review stage of performance management is not across all employees of Hilton Hotel, lack of capacity of raters to take PMS, lack of regular feedback, The Hotel did create a room for the practice of setting goals and standards of performance measures on the basis of mutual agreement between employees and supervisor and doesn't allow employees to agree on the goals they are expected to achieve. In addition the process and objectives of performance management in Helton hotel are not described clearly for its employees, Employee performances are not recognized and where possible rewards for performance and punishment for non-performance haven't been well introduced. Employees doesn't get an opportunity to know about the benefits of performance management system, why evaluation is needed, for what purpose does it serve and the evaluation procedures and components and instruments of the process of performance management and so on are the major problems noted. To those and other problems investigated in the study, the researcher forwarded recommendations to alleviate them in the Hotel's future practices of PMS.*

**KEYWORDS:** *PMS, Alignment, Planning, Execution, Assessment, Review*

# CHAPTER ONE

## Introduction

### 1.1 Background of the study

In a complex, contemporary setting, organizations with motivated and talented employees offering outstanding service to customers are likely to pull ahead of the competition even if the products offered are similar to those offered by the competitors. Customers want to receive their products and services promptly and accurately. Only people can make these things happen and produce a sustainable competitive advantage (Aguinis, 2007).

Given these enormous advantage of human resources to organizational effectiveness, the need for a system to properly assess their performance towards accomplishment of strategies is a matter not to be compromised at all (Mathis & Jackson, 1997). Performance management systems are key tools of Human Resource Management that can be used to transform people's talent and motivation into a strategic business advantage (Aguinis, 2007). Performance management focuses on future performance planning, improvement and personnel development.

Performance management is about getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competing requirements (Armstrong, 2009). In terms of HRM practices, PMS can be responsible for job design, recruitment and selection, training and development, career planning and remuneration and benefits. (Armstrong and Baron, 2005).

There is no one type of system or set objectives that is best suited for all organization; however, a performance management system that attempts to achieve too many objectives is likely to die of its own lack of focus. The purpose of a given performance management should be determined by considering business needs, organizational culture and the systems integration with other HRM systems (Grote, 2002).

According to Dick Grote (2002) PM is an ongoing process that comprises four phases: Performance Planning, Performance Execution, Performance Assessment, and Performance Review. (Smither & London, 2009) discussed when PM is first implemented follows these stages; (1) pre-requisites, (2) performance planning, (3) performance execution, (4)

performance assessment, (5) performance review, and (6) performance renewal and reconstructing. Armstrong (2009) discussed Performance Management Cycle as Plan=>Act=>Monitor=>Review. Again pulakos (2004) describe it as Performance planning, ongoing feedback, employee input, performance evaluation and performance review. Though the Phases may differ from one author to another; Performance planning, performance Assessment, performance execution and performance Review are included in one way or the other, of which will be emphasized in this study.

The process of managing performance begins by defining expectations in terms of targets, standards and competence requirement. Aguinis(2007) stressed the importance of performance planning by stating that „if you don“t know what you are looking for how do you know when you find it. Regarding Performance assessment phase, (smith, 2009) said that both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. The performance review meeting is the means through which the five primary performance management elements of agreement, measurement, feedback, positive reinforcement and dialogue can be put to good use. (Armstrong, 2009)

For globally expanding big Hotel corporations, international competition is becoming increasingly fierce. In this new historical period, talent competition gradually replaced the tradition of competitive technologies and products. As a hospitality business, the most important thing about a hotel is the people who compose the hotel's staff. Thus How to train and develop personnel and retaining talented people, and to enhance their work performance, further to enhance company performance, has become a daunting task that Hotels Corp has to face. (Nickson, 2007). Hoque (1999) as Cited by Nickson(2007) found that 89 percent of the 232 hotels he surveyed began using performance appraisal as a means to introduce cultural changes and gain competitive advantage.

Having these concepts in mind, when it comes to Hilton Addis Ababa, it is claimed that performance planning, assessment, execution and review are devised in some way as part of performance management system. The researcher believed that though many studies have been made on performance appraisal, studies on performance management are only some and it is not sufficiently investigated and in particular, there are no empirical studies conducted on Hilton Addis Hotel performance management system, which were supported by formal and published research. Therefore, the study was conducted on the performance management

practices of Hilton Addis. This study investigated how performance management is practiced in the hotel with more emphasis given to Performance Planning, Assessment, execution and Review and problems if any with its application and finally recommendations that are believed to solve any flaws encountered in the system were proposed.

## **1.2 Statement of the problem**

According to (Smither & London, 2009), in organizational life, performance management and appraisal system failures may be a result of poor implementation or a lack of authentic management commitment.

Again Armstrong said, if the performance management system is not delivering, that is likely to be reflecting a deeper issue such as lack of organizational agreement about clarity of purpose, priorities or standards, or a mismatch between espoused values and actual behaviors (Armstrong, 2009)

As it is depicted above, at the planning and performance assessment stage they agree with team members their roles, goals and performance improvement and personal development plans. Supervisors manage performance throughout the year by monitoring achievements against the plan, providing feed- back and coaching as necessary. At the review stage they conduct formal review meetings and provide formal feedback as the basis for forward planning (Ibid). However, in case of Hilton hotel different secondary sources indicates that Managers are never skilled enough to properly conduct processes, such as setting realistic goals, giving and receiving feedback, and coaching which contributes for problems of planning, assessment, execution and review stage of the performance management process.

In this Hotel, implementation of performance management usually comes with Problems and complaints with employees specially the line staff from the informal interviews conducted and personal observation. This creates a considerable gap between how performance management is practiced and how it should be practiced. The other problem is Hilton's appraisal are mostly top down and there is no involvement of operational staff in performance planning, assessment as well as review. Although it is stated in the Hotel's HR manual that 360- feedback method is used, apparently it is not fully applied since no feedback is generated from peers and subordinates. Again Hilton's performance development Review system (PDR) lacks uniformity across departments and exhibit subjectivity. In addition, it is alleged that until 2013 evaluation results used to be linked to salary decision and in 2014

because of continued complaints regarding its credibility, it was taken out of salary decision after the collective bargaining by the trade union; however, these problems are not still solved. Employees claim that during Calibration meetings managers and supervisors make decisions beforehand without considering the employee's self appraisal, after that the employee submits self appraisal to a supervisor which in fact is nothing but a formality. In light of the above problem indicators the researcher further investigated by conducting the study on performance management and its application at Hilton Hotel.

### **Basic/research questions**

1. What is the performance management process of Hilton Addis Ababa mainly focusing on performance planning, execution, assessment and review?
2. What is the purpose of employees' performance management system in Hilton Addis Ababa?
3. Is there alignment between the performance evaluation criteria and the hotel's over all goals?
4. Is there staff participation in the entire process?
5. What are the challenges in implementing employees' performance management system in the Hotel?

## **1.3 Objective of the study**

### **1.3.1 General objectives**

The general objective of the study was to assess performance management system of Hilton Addis Ababa Hotel.

### **1.3.2 Specific objectives**

The specific objectives of the study were:

- ❖ To explore employee's performance management process of Hilton.
- ❖ To assess the purpose of employee performance management system in Hilton
- ❖ To find out whether or not there is alignment between individual objectives and the Hotels overall goals.
- ❖ To investigate staff participation within the stages performance management process.

- ❖ To explore challenges of employee performance management system of Hilton Addis Ababa.

#### **1.4 Significance of the study**

The study is expected to benefit mainly Hilton Addis Ababa by pinpointing some of the problems prevalent in the hotels performance management system it will help it to reassess its existing practice with a view to minimize its weaknesses and maximize its benefits. Also, it is expected to add additional knowledge to the existing knowledge of staff performance management. In addition to these, it will also be used as reference for other researchers.

#### **1.5 Delimitation and Limitation of the study**

The scope of the study was limited to Hilton Addis Ababa staff because of the fact that it is difficult and costly to undertake it in Ethiopian hotel industry in general. The study also focused on performance planning, assessment, execution and review and problems encountered. Yet, these are not the only components of performance management system which makes the study limited to some elements of the total system. Due to different shortcomings which are beyond the researchers' ability, sampling procedures may have excluded important individuals who should have been domains of the sample. Since the whole process of data collection and analysis need considerable amount of time and finance Shortage of time and lack of finance is worth mentioning.

#### **1.6 Organization of the Paper**

The study is organized in to five consecutive chapters. The first chapter dealt with the general back ground, statement of the problem, objectives of the study, scope of the study and significance of the study. The second chapter held related literature reviews written by different scholars. The third chapter is concerned with methodology of the study. The fourth chapter embraces the presentation, analysis and interpretation of the data. The fifth chapter came up with the possible conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter deals with review of literature on performance management system under the study. Attempts were made to briefly discuss an over view of definitions of performance management followed by concepts and issues of performance management such as, perspectives, purpose and aims, process, challenges, alignment and integration, employee participation, and finally Performance review(calibration meetings) are addressed.

#### **2.2 The Concept of Performance Management**

Performance management has been studied through-out years and yet, there was confusion about the meaning of the term „performance management“. The concept had different meanings to different people. Some people understood the term as an appraisal process, others as performance-related pay and some people defined the term as training and development (Aguinis, 2007).

Different scholars define Performance management in different ways; there is no commonly agreed definition to the term „performance management“ which can be read below.

According to Aguinis, (2007), Performance management“ definition has two main components.

1. Continuous Process– performance management is ongoing. It involves a continuous process of setting goals and objectives, observing performances, and giving and receiving, ongoing coaching and feedback.
2. Alignment with strategic goals- performance management needs managers to ensure that employees“ activities are compatible with the organization“s goals and as a result, help the organization gain a competitive advantage.

Performance management based on Armstrong, (2009) view is a systematic process of improving organizational performance by developing the performance of individuals and teams. It is a way of getting enhanced results by understanding and managing performance within an established framework of planned goals, standards and competency requirements.



The spirit of the above statements expressed in different way by Chris Bones (1996) cited by pulakos(2004),who says that, “performance does not need managing. It needs encouraging, developing, supporting and sustaining”.

Armstrong & Baron (2005) state that performance management is “directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization”. An organization has certain objectives they want to achieve. However, the employee cannot help the company to attain these objectives without knowing how to get there. Therefore, the organization should guide the employees on how to reach the goals, what are the tasks for that and how to carry out the tasks in an effective manner.

Therefore, it can be understood that performance management is comprehensive term that is defined in different view of concepts.

### **2.3 Perspectives of Performance Management**

According to Pulakos,( 2004), in appraising employees there are two main perspectives the evaluative and the developmental.

- **Evaluative approach:** - In this approach the major endeavor is to make judgment about an appraisee performance, with such a judgment being made against aspects such as the job description and established objectives, which may be linked to extrinsic rewards. When a performance management system is used for decision-making, the appraisal information is used for different human resources administrative actions.
- **Developmental approach:** - this approach is likely to have a different premise, where the appraiser and appraisee aim to discuss the progress of the appraisee in a mutually supportive setting and where the ultimate aim is on developing performance by building on employees strengths. When a performance management system is used for development, the appraisal information is used for different developmental activities that employees will engage in to develop their capacities.

Theoretically it is possible to have a performance management system that serves both decision-making and development purposes but, this can be difficult to achieve in practice. Research has indicated that the purpose of the rating (decision-making versus development) influence the ratings that are observed. Ratings used for decision-making tend to be lenient,

with most employees receiving ratings on the high end of the scale. Ratings for developmental purposes are likely more variable, showing both employee strengths and development needs.

In contrast Nickson (2007) argued that in reality, within any given organizational setting there may not be such an absolute distinction and there may be elements of both evaluative and developmental approaches, such that the purpose of performance appraisal has tended to alternate between concerns about short-term performance to a more developmental direction.

## **2.4. Purposes and aims of performance Management**

The purposes for a given performance management system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems (Pulakos, 2004). In general, Performance management systems can serve the following important purposes as Cleveland & Murghey, (1989) summarized below;

- **Strategic:** it links the organization's goals with individual goals by supporting behaviors consistent with the achievement of organizational goals.
- **Administrative:** it is a source of useful information for making decisions about employees, including salary adjustments, promotions employee retention or termination, recognition of superior performance, identification of poor performers, layoffs and merit increases.
- **Communication/information :** It allows employees to be informed about how well they are doing and to receive information on specific areas that may need improvement.
- **Developmental:** it includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.
- **Organizational Maintenance:** it yields information about skills, abilities promotional potential and assignment histories of current employees to be used in workforce planning as well as assessing future training needs and evaluating performance achievements at the organizational level.
- **Documentation:** it yields data that can be used to assess the predictive accuracy of newly proposed selection instruments.

The overall aims of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business process and for their own skills and contributions within a frame work provided by effective leadership(Cleveland & Murgby, 1989). The followings are the summarized aims of performance management:-

- Empowering, encouraging and rewarding employees to do their best.
- Actively managing performance against agreed accountabilities and objectives.
- The alignment of personal/individual objectives with department/divisional and corporate plans.

## **2.5 Challenges of Performance Management**

According to Armstrong (2009), criticisms categories

It is a good idea but it doesn't work- mangers often don't like doing it because they see it as a forced task that has nothing to do with their real work. They claim that individuals fear the appraisal meeting because potentially scared or they perceive it as an irrelevant or none interesting. There is said to be general dissatisfaction among managers and individuals with the rating system.

It is a bad idea and it doesn't work:-

- The process is problematic because difficulties involved in one person attempting to sum up performance of another.
- A difficulty in getting line mangers to do it effectively.
- There are many poorly designed or administered performance management schemes.

However, the obstacles for an effective performance management are not limited to the above stated challenges.

## **2.6 Performance Management process**

The performance management process is the process by which the company manages its performance in line with its corporate and functional strategies and objectives (Bitici, Carrie and Mc Devitt 1997). The objective of this process is to provide a "pro-active closed loop system, where the corporate and functional strategies are deployed to all business process,

activities, tasks and personnel and feedback is obtained through the performance measurement system to enable appropriate management decision".(Ibid)

According to Aguinis (2007) the components in the performance management process follows the following stages (1) pre - requisites, (2) Performance planning, (3) performance execution, (4) performance assessment, (5) performance review, and (6) performance renewal and re contracting. To enable the researcher in assessing the current practices of Performance management each of the phases are discussed at some length.

### **Stage 1: Pre-requisites**

According to Smither & London (2009), there are two important prerequisites that are needed before a Performance Management is implemented:-

Knowledge of the organization"s mission and strategic goals

An organization"s mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose for existing, where it wants to be in the future, the goals it wants to attain, and the strategies it will use to reach these goals. Once the goals for the organization have been established, similar goals flow downward, with departments setting objectives to support corporate objectives. The cascading of goals continues until each employee has a set of goals compatible with the overall organization.

Research has shown that difficult (but achievable) goals bring more effective performance outcomes than less difficult goals. It is also known that employee commitment to goals is significantly important for goal accomplishment and that employees must believe that they are able to achieve their goals. It is therefore vital to ensure that employees participate in the goal setting process, accept their goals and are motivated to work towards those goals. It is also important for managers to communicate their willingness to assist employees in achieving their goals by providing guidance and resources, and removing obstacles to goal attainment (Pulakos, 2004).

**II .Knowledge of the job in question:** This is done through job analysis. Performance standards ought to be established for jobs through the use of job descriptions. Job descriptions help the manager and the employee identify the performance gap between what is expected for the job and what is being achieved by the employee (Chingos, 2002).

## **Stage 2: Performance Planning**

At the start of the performance management cycle, it is important to go over with employees their performance expectations, including both the behaviours employees are expected to display and the results they are expected to achieve during the coming rating phase. Behavioural and results expectations should be aligned to the organization's corporate objectives. In fact, if developed and implemented properly, performance management systems drive employees to engage in behaviors and achieve results that facilitate meeting organizational objectives (Smither & London, 2009).

The planning process is most effective when there is broad employee participation so employees take responsibility for their development (Chingos, 2002).

Performance Planning:-includes the consideration of results and behaviour, as well as a developmental plan. The development plans include a description of areas that need improving of goals to be achieved in each area (Aguinis, 2007).

### **Performance planning may have the following components;**

**i. Results:** - Results refer to what needs to be done or the outcomes an employee must generate. Results needs to include key accountabilities, or areas of a job for which the employee is responsible for . A discussion of results also includes specific objectives that the employee will achieve as part of each accountability (Chingos, 2002). The results or goals to be achieved by employees should be tied to the organization's strategy and goals (Pulakos, 2004).

**ii. Behaviors:** - effective performance management systems provide behavioral standards that describe what is expected of employees in key competency areas (Pulakos, 2004). A consideration of behaviors includes discussing competencies, which are measurable clusters of knowledge, skills, and attitudes (KSAs) that are critical in determining how results will be achieved (Shippmann et al., 2000).

**iii. Development plan:** - Development plans usually include both results and behaviours. Such plans highlight an employee's strengths and the areas in need of development, and they provide an action plan to improve in areas of weaknesses and further develop areas of strength (Nickson, 2007). According to Chingos(2002), the development plan should specify

three components which are Key action step; Support/resources needed and timetable for action.

### **Stage 3: Performance Execution**

Even though both the employees and managers are responsible for performance execution, the burden is on the employee to communicate openly and regularly with the supervisor. Also, the supervisor should observe and document performance, update the employee on any changes in organizational goals, and providing resources so the employee can succeed and continue to be motivated (Aguinis, 2007).

According to Smither & London (2009), in this stage the employee strives to produce the results and display the behaviours established earlier as well as to work on development needs. Supervisors have responsibility over the following issues:

- **Observation and documentation** It is essential to keep abreast of examples of both good and poor performance
- **Updates** As the organization's goals may change, it is important to update primary objectives, standards, and key accountabilities and competency areas.
- **Feedback** on progression toward goals and coaching to improve performance should be given on an ongoing basis, and before the review cycle is done.
- **Resources** Supervisors should provide employees resources and opportunities to partake in development activities
- **Reinforcement** Supervisors must let employees know that their outstanding performance is observed by reinforcing effective behaviors and progress toward goals. Performance problems should be identified early, and proper steps must be taken as soon as the problem is revealed.

### **Stage 4: Performance Assessment**

In the assessment phase, both the employee and the manager are in charge of evaluating the extent to which the required behaviours have been displayed, and whether the required results have been achieved. Although many sources can be used to gather performance information (for example, peers or subordinates), most of the time the direct supervisor provides the information. Evaluation of the extent to which the goals stated in the development plan have been achieved is also included. It is important that both the employee and the manager take ownership of the assessment process (Smither & London, 2009).

**Self-assessment** is a process in which individuals review their own performance, using a structured approach, as the basis for discussions with their managers in review meetings (Armstrong, 2006). Self appraisals can reduce an employee's defensiveness during an appraisal meeting and increase the employee's satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system (Shore, Adams, & Tashchian, 1998).

**360-feedback** is a tool that has become popular in helping employees, particularly those in supervisory positions roles, improves performance by gathering information from different groups. Particularly, information on what performance dimensions could be improved is gathered from superiors, peers, customers, and subordinates. Employees also rate themselves on the various performance dimensions and compare self - ratings with the information provided by others. A 360 - degree feedback system report usually includes information on dimensions for which there is agreement that more development is needed. This information is used to create a development plan (Morgeson, et.,al 2005).

According to Armstrong (2009), 360 feedback benefits employees to increase self awareness ,enhanced understanding of behaviours needed to increase individual and organizational performance ,the creation of development activities that are more specific to the employee, increased involvement of employees at all levels in the hierarchy ,and increased devolution of self –development and learning to employees.

Nickson (2007) found that hotels in their survey used one or more of four approaches, these being management by objective (MBO) (48 per cent), behaviourally anchored rating scales (BARS) (41 per cent), and narrative essay (37 per cent) and graphic rating scale (28 per cent). Other methods which organizations may use include performance standards and matching performance against job descriptions, rating an employee based on a scale, which may for example range from „outstanding“ to „unacceptable“ and critical incidents.

**The commonly encountered problems during performance assessment include:**

(Decenzo & Robbins, 2005), (Ivancevich & Gluedck, 1989) and (Rao & Rao, 2004) Identified the following common problems encountered during performance assessment.

- **Recency vs. primacy Error:**. Recency refers to the proximity or closeness to appraisal period. Primacy is the opposite of Recency. It refers to a situation where an

employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

- **Leniency error:** Some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Equally damaging one is assigning consistently low rates. Some evaluate high (positive leniency) and others, low (negative leniency).
- **Halo error:** This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.
- **Similarity error:** This occurs when evaluator rates others in the same way that the evaluator perceives him or herself.
- **Central tendency errors** The reluctance to use the extremes of a rating scale and to adequately distinguish among employees being rated. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job.
- **Inflationary pressures:** Pressures for equality and fear of retribution for low ratings leads to less differentiation among rated employees.
- **Inappropriate substitutes for performance:** Effort, enthusiasm, appearance, etc. are less relevant for some jobs than others.
- **Attribution Theory:** Evaluations are affected based on whether someone's performance is due to internal factors they can control and external factors which they cannot. If poor performance is attributed to internal control, the judgment is harsher than when it is attributed to external control.

### **Stage 5: Performance review**

The performance review stage involves the meeting between the employee and the manager to review their assessments. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance which leads to performance improvement and in the end employee satisfaction with the system. In spite of its importance in performance management, the appraisal meeting is often regarded as the "Achilles" heel\* of the entire process" (Chen & Kinshuk, 2008). This is because many managers are uncomfortable giving performance feedback, particularly when performance is deficient. Avoiding giving negative feedback is very dangerous because it conveys the



message that mediocrity is acceptable and damages the morale of the top performers (Chen & Kinshuk, 2008).

The appraisal discussion focus on what has been done and how, what reward is received or denied as a result, and the goals to be attained before the upcoming review session.

In order for the feedback process to be effective, there should be a two way communication process and it must be shared responsibility of both managers and employees. Effective feedback should be timely, constructive, specific and balanced, and should include both positive and development information based on what the employee did or did not do. It is critical that feedback be based on behaviours rather than on personal characteristics and that these behaviours are linked to effective versus ineffective performance (Decenzo & Robbins, 2005).

According to Armstrong (2006), the main problems that arise in conducting performance reviews are:

- Identifying performance measures and criteria for evaluating performance;
- Collecting factual evidence about performance;
- The existence of bias on the part of managers;
- Resolving conflict between reviewers and the people they review;
- Defensive behavior exhibited by individuals in response to criticism.

Grossman and Parkinson, (2002) forwarded recommendation for conducting effective performance reviews:

- Recognize what the employee has done well and poorly by referring specific positive and negative behaviors.
- Request feedback from your employee about these behaviors
- Explain the implications of changing, or not changing, the behaviors
- Explain to the employee how skills used in past achievements can help him or her overcome any current performance problems.
- Agree on an action plan.
- Set up a meeting to follow up and agree on the behaviors, actions, and attitudes to be evaluated.

## **Stage 6: Performance renewal and reconstructing**

Essentially, this is identical to the performance planning component. The main difference is that the renewal and reconstructing stage uses the insights and information gained from the other phases (Smither & London, 2009).

## **2.7 Alignment and Integration in Performance Management**

Nadler and Tushman (1997), say, “Other things being equal, the greater the total degree of congruence, or fit, among various components, the more effective the organization will be,” or essentially “the degree to which strategy, work, people, structure, and culture are smoothly aligned will determine the organization’s ability to compete and succeed.

One of the most fundamental purposes of performance management is to align individual and organizational objectives. Alignment can be gained through cascading process so that objectives flow down from the top. But it should also be a bottom-up process, individuals and teams being given the chance to prepare their own objectives within the framework provided by the defined overall purpose, strategy and values of the organization. Objectives should be agreed, not set, and this agreement should be reached through the open dialogues that take place between managers and individuals throughout the year (Armstrong, 2006).

In developing a performance management system, it is important to ensure that it is aligned with other HR systems in the organization. This not only ensures that employees are being hired, trained and appraised on a consistent set of critical job requirements, but it also sends a strong message, internally and externally, about what is valued by the organization (Nickson, 2007).

According to Armstrong (2009), Performance Management is integrated in four senses:

1. Vertical integration – linking or aligning business, team and individual objectives;
2. Functional integration – linking functional strategies in different parts of the business;
3. HRM integration – linking different aspects of human resource management, especially organizational development, human capital management, talent management, learning and development, and reward, to achieve a coherent approach to the management and development of people; and
4. The integration of individual needs with those of the organization, as far as this is possible

## **2.8 Employee Participation in Performance Management**

Every employee, from the top to the bottom of an organization, is subject to performance management even if this is not necessarily a formal process. Their pay and future is affected by it and in the more formal schemes they take part in formulating performance agreements and measuring and reviewing performance. They may be asked to prepare for review meetings formally or take part in 360-degree assessment schemes. They will participate in objective setting and discussing roles and competence requirements (Armstrong, 2006).

Employee participation is very important element for successful performance evaluation systems. Employees must play key roles, participating in everything from writing job descriptions, to identifying their own goals and standards, to assessing how well they have performed (Grote, 2002).

Employee input has a number of positive results. First, it involves employees in the process, enhancing ownership and acceptance. Second, it reminds managers about the results employees have delivered and how they were achieved. Third, employee-generated accomplishments can be included in the formal appraisal, decreasing managers' writing requirements. Fourth, employee input increases communication and understanding. Managers and employees usually review and discuss the accomplishments before they become part of the appraisal, resulting in fewer disconnects between the manager's and the employee's views of the employee's contributions. Finally, employee accomplishments can be retained and used as input for pay or promotion decisions (Morgeson, et.,al 2005).

## **2.9 Management review/Calibration meetings**

Management review helps ensure that narrative descriptions match ratings, that ratings are not positively or negatively biased, that evaluation criteria are being applied systematically across supervisors and employees. Often, supervisors in a given unit will meet with their manager to discuss the ratings for all employees and decide on final rank-orderings or groupings of employees for decision-making.

A distinct advantage of this type of process is that it tends to ensure distinctions between exceptional, fully successful and less effective performers, and it also tends to result in more systematic, consistent and fair decisions. Factors that would make this process less viable

include geographical dispersion and work situations where supervisors and managers may not be familiar with the work of a majority of the employees (Pulakos, 2004).

Therefore, management review is the outline evaluation of whether management systems are performing as intended and producing the desired results as efficiently as possible. It is the ongoing due diligence review by management that fills the gap between the implementation of performance management activities and periodic formal results.

## **2.10 Conceptual framework**

Alignment is defined as the extent to which employees are similarly connected the vision and direction of the organization and in customers (Smither and London 2009) .In other words Armstrong stated that integration should be achieved by ensuring that everyone is aware of corporate, functional and team goals and that objectives they agree for themselves are consistent with those goals and will contribute in specified ways to their achievement Armstrong (2009).

According to Dick Grote (2002) performance management is an ongoing process that comprises four phases: Performance planning, performance execution, performance assessment and performance Review. Other classification of phases was also developed by different authors those key performance activities are included in one way or another.

It is stated that performance management is all about communication and feedback: a manager and employee arrive together at an understanding of what work is to be accomplished, how work is progressing toward desired results and finally after effort is expended to accomplish the work, whether the performance has achieved the agreed upon plan. The process recycles when the manager and employee begin planning what work is to be accomplished for the next performance period. This paragraph clearly expresses the criticality of employee's participation. As per Aguinis (2005) the performance management system serves at least six purposes.

In order to assess the performance management system of Hilton Addis, the researcher was able to draw the conceptual framework through referencing the works of (Smither and London , 2009) and (Grote, 2002), (Armstrong, 2009) and (Aguinis, 2005)

## CHAPTER THREE

### RESEARCH METHODOLOGY

This part of the study consists research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study used.

#### **3.1 Research Design of the study**

The study adopted a case study research design by using qualitative and quantitative methods to obtain the desired results of the Hotel and to explore detailed evidence about the problems. In the course of analyzing the problems, both primary and secondary data collection procedures were employed. To achieve this goal, questionnaires, interviews and document reviews were the main tools. Here, descriptive research design was used to examine the application of performance management in Hilton Addis Ababa Hotel. According to Kohtari (2004), the major purpose of descriptive research is description of the state of affairs, as it exists at present.

#### **3.2 Population of the study**

The target populations of the study were employees of Hilton Addis Ababa. From the hotel payroll the populations of the study were 765 individuals who are working in this hotel in different positions.

#### **3.3 Sample Size determination and Sampling Techniques**

The researcher used Yamena Taro (1967) formula to determine the sample size at 95% confidence level, degree of variability = 0.5 and level of precision/sampling error = 5%.

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

$$n=765/ (1+765(0.05)^2)$$

$$\underline{\underline{n=263}}$$

Where; “n” is the sample size, “N” is the population size and “e” is the level of precision.

By using the above formula from the total study population of 765 participants, 263 participants were selected as a sample.

The researcher created two strata's for the purposes of administering questionnaires: supervisory (managerial) and non-supervisory. Samples from each stratum were drawn by using the following equation:

Stratified random sampling is a sample obtained by separating the population into homogenous groups these are called strata and then select a sample from each stratum using the proportional size of the stratum. A stratified random sampling allows us to take into account the different subgroups of people in the population and helps guarantee that the sample accurately represents the population on specific characteristics. The population of the study was classified in two stratum which are supervisory and non supervisory staffs. Samples from each stratum were selected by using the following equation:

The lists of the participants or respondents were taken from sample frame (payroll) of the hotel. Samples from each stratum were selected by using the following equation.

**Table 1:** Sample Size for the Study

Stratum	Sample Size	Total Population
Supervisory(Managerial)	33	96
Non-supervisory	230	669
Total	263	765

**Source: Hilton Addis Hotel Human resource management division**

### 3.4 Data gathering instruments/tools

In order to gather data from relevant sources, both primary and secondary data collection instruments were used. Primary data was conducted in the form of questionnaire and interviews with employees and managers respectively. Whereas secondary data was collected from written documents on PM, different books, journal articles, procedures and reports. The information that was obtained by using both instruments was integrated during data presentation and analysis phase.

**Questionnaire:** is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. It has advantages over some other

types of surveys in that it is cheap, do not require as much effort from the respondent and often have standardized answers that make it simple to compile data. Most of the questions in the questionnaire were developed from the review of related literature and were adopted to the current study. The questionnaire had two parts the first part dealt with the personal information of the respondents and the second part of the questionnaire is about performance management practice of the case organization particularly categorized as alignment, planning, assessment, execution and review practices.

**Interview:** Interview was the other type of data collection instrument used in the study. This helped the researcher to get reliable information from the target population on how they feel and think about issues. Consequently, the purpose of the interview was to substantiate the results obtained from the questionnaire thereby to get a greater depth of information. The interview questions were prepared in a semi structured type consisting total of 12 questions to be asked to management members of the Hotel.

### **3.5 Test of the Soundness of the Measurement Used**

As (Kothari, 2004) stated, a sound measurement must meet the test of validity and reliability. Both of them should use in evaluating a measurement to in this study.

#### **3.5.1 Validity**

“Validity refers to the extent to which a test measures what we actually wish to measure” (Kothari, 2004). It involves the degree to which you are measuring what you are supposed to, more simply, the accuracy of your measurement. It is believed that validity is more important than reliability because if an instrument does not accurately measure what it is supposed to, there is no reason to use it even if it measures consistently. To check the validity the initial questionnaire has been given to a group of referees to judge its validity according to its content, clearness of its meaning, appropriateness to avoid any misunderstanding and to assure its linkage with the study objectives.

First, the researcher examine that the underling theory of the study has a strong conceptual basis and be based on well-validated constructs.

- Consulting subject matter experts in the area like research advisor and course instructors

- Feedback collected from the selected friends by the sample of questionnaire distributed to check the validity.
- The instruments used are almost standardized as adopted from commonly used scales globally.

### 3.5.2 Reliability

Reliability has to do with the accuracy and precision of a measurement procedure (Kothari, 2004). Reliability estimates the Consistency of the measurement or more simply, the degree to which an instrument measures the way each times it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is if we measure something many times and the result is always the same, then we can say that our measurement is reliable. In other words, when the outcome of the measuring process is reproducible, the measuring instrument is reliable-this does not mean that it is valid, it simply means that the measurement instrument does not produce erratic and unpredictable result.

To maximize the reliability of the questionnaire the researcher conducted an initial survey of 30 Hilton hotel staffs. To measure the reliability of the constructs the researcher conducts internal consistency reliability using Cronbach alpha. Internal consistency reliability is a measure of consistency between different items of the same construct. The Cronbach alpha coefficient of the factors is displayed in the following table. The result shows that there is high internal consistency among the variables, so the dimensions are sufficient to measure the constructs

**Table 3.1 Results of reliability analysis**

Factors	Cronbach's Alpha	No of Items
Alignment	.788	3
Performance planning	.760	10
Performance execution	.783	5
Performance Assessment	.828	9
Performance Review	.719	8
Purposes of performance management	.802	6
Total		41

*SPSS output*



### **3.6. Method of Data Analysis and presentation**

Once the raw data was on hand, quantitative and qualitative methods of data analysis was used. Particularly with the quantitative data collected via the questionnaire, a descriptive statistical analysis method and SPSS was used to tabulate the data and present it in tables. Particularly statistical tools like frequencies, percentage method, mean and standard deviation was used to analyse data Moreover, to analyze the data obtained through interview qualitative method of data analysis was employed. Perhaps, the data gained through this method was used to back the information gathered via the main tool of the research, which is the questionnaire.

## CHAPTER FOUR

### DATA ANALYSES, INTERPRETATION AND DISCUSSION

#### 4.1 Introduction

The following information has been gathered to provide adequate data analysis, which was received from individual respondents at Hilton Hotel. This chapter consists of quantitative and qualitative analyses by utilizing information, which were, gathered from the general information and the basic information (for closed-ended and unstructured interview) of respondents.

For the purpose of reporting the findings the values of strongly agree and agree were added up to represent employees agreement and the values of strongly disagree and disagree together represent employees disagreement. Moreover mean scores were also calculated. In this case, for the purpose of interpretation the translation of level ranking is analysed based on the following criteria designed by Best(1977)as cited by (Adugna,2014);Agreement level 1.00-1.80 means strongly disagree, Agreement level 1.81-2.60 means disagree ,Agreement level 2.61-3.40 means neutral and Agreement level 3.41-4.20 means agree.

**Table 4.1 the percentage and frequency distribution of demographic characteristic**

Item	Categories	Frequency	Percent
Gender of Respondents	Male	166	64.6
	Female	74	28.8
	Total	240	100.0
Age of Respondents	18-25 years	27	11.3
	26-33 years	96	40.0
	34-41 years	81	33.8
	Above 41 years	36	15.0
	Total	240	100.0
Marital Status Of Respondents	Married	156	65.0
	Divorced	12	5.0
	Single	54	22.5
	Widowed	18	7.5
	Total	240	100.0
Work experience of the respondents	Less than 1 year	11	4.6
	1-5 years	31	12.9
	6-11 years	146	60.8
	12-17 years	21	8.8

	Greater than 17 years	31	12.9
	Total	240	100.0
Education Level of Respondents	Diploma	92	38.3
	BA (BSC)degree	118	49.2
	MA (MSC)degree	30	12.5
	PHD	–	–
	Total	240	100.0

***Survey data,(2016)***

As shown in the above Table 4.1 64.6% or (n=166) of employees participated in the study are male employees and 28.8 %( n=74) are females. Employees who are in the age group of 26-33 years cover 40% (n=96) of the total number of respondents. The above table also indicates that 65% of participants are married employees and 60.8% of the respondents serve the hotel from 6 up to 11 years. Furthermore, the table also indicates the educational status of participants 30% of the respondents are MA/MSC Degree holders, BA/BSC Degree holders are 49.2% and 38.3% of employees are diploma holders. Thus, it can be concluded that, most of the respondents participated in the study were male, in the age group of 26-33 years, BA/BSC degree holders, are married employees and have been working in the hotel from 6 to 11 years.

**4.2 Performance Management practices of Hilton Addis Ababa Hotel**

As indicated in the preceding chapter, the practice of performance management of Hilton Addis Ababa Hotel has been assessed in terms of the specific practices of planning, execution, assessment, review. The data collected thus from the selected respondents has been analysed and discussed below.

**Table 4.2.1 Alignment Factors**

N. o	Items		1=strongly disagree	2=disagree	3=neither agree nor disagree	4=agree	5=strongly agree	M	S.D
1	I am aware of corporate, functional and team goals of the hotel and that the objectives.	N	22	19	49	107	43	3.54	1.149
		%	9.2	7.9	20.4	44.6	17.9		
2	Performance Objectives of my department are aligned with the hotel's goals.	N	16	41	19	135	29	3.50	1.113
		%	6.7	17.1	7.9	56.3	12.1		
3.	I know how my individual objectives support the overall organizations strategic goals and objectives.	N	24	51	16	61	88	3.58	1.418
		%	10.0	21.3	6.7	25.4	36.7		

*Survey data,(2016)*

The above table was regarding alignment where related variables were analysed. Goals have been considered important as expressions of organizational values that can stimulate and generally orient employees to the organization's mission (Rainey, 2003). Researchers also address that clarification of goals for individuals and work groups can improve efficiency and productivity (Rainey, 2003). On item number one table 1 when asked about their awareness of corporate, functional and team goals of the hotel 62.5%(107 plus 43) 20.4% remained neutral and the rest 17.1(22 plus 19) replied that they are not aware of strategic objectives. The mean value of 3.54 and standard deviation 1.149 Even though This shows that above average employees know the hotels strategic goals which is a one of the prerequisites for the hotel to make its employees more focused on its key activities.

During the interview regarding the practice of alignment in Hilton Addis most of them said they have fair knowledge of Hilton's vision and mission. all of the participants of the interview indicated as the vision and mission of the hotel are very clearly communicated at monthly communication meetings and also posted in all notice board found every department. In addition to this in some department there is something called "Shift Briefing" where among other things the supervisor briefly reminds the front office team the vision and mission of the of the hotel. In connection to this, they indicated as the vision and mission of the hotel are included in each of the projects and programs the organization is implementing- facilitating the internalization of the vision and mission by the staff.

Asked about the degree to which their departmental objectives are aligned with the organizational objectives, the mean value for 3.50 and standard deviation 1.113 indicated that most employees claim their departmental objectives are aligned with organizational objectives. Around 23.8%(16 plus 41) of the respondents indicated they believe their departments objectives are not aligned with the organization objectives. On the other hand, 7.9% (19) of them reported neutral.

The third item on the table asked whether employees are aware that their individual objectives supports overall objectives. Most respondents had positive response which is described by the mean value of 3.58 and standard deviation of 1.418. This implies that employees think that the role they are currently playing supports the corporate goals.

According to literatures, One of the most fundamental purposes of performance management is to align individual and organizational objectives through cascading process. This means that everything people do at work leads to outcomes that further the achievement of organizational goals. In the absence of clearly aligned goals, personal goals may preside over organizational goals in which case organizational productivity would be adversely affected.

However in Hilton Addis case The total mean regarding alignment is above average from which it is possible to conclude the hotel shows positive result regarding alignment.

The result of this analysis was in line with finding of different researchers such as (Nay Su lin,2009) stated that the values ,missions and vision are known in the and understood in most of the hotels and also overall broad objectives that are applicable at multiple levels in the hotels are defined specifically for each level maximizing relevancy and thus ensuring alignment. According to k.Maluleke (2012) the selected hotels cascading organizational goals downward they ensure alignment. In contrast, (kemunto ongori et,al2007) described in the selected hotels in Kenya ,employees lacks understanding about hotels objectives and don't understand their responsibilities to achieve those goals.

**Table 4.2.2 Performance planning**

Items			1=strongly disagree	2=disagree	3=neither agree nor disagree	4=agree	5=strongly agree	M	S.D
1	My department goals are SMART (Specific, Measurable, Attainable ,Realistic and Time bounded) and Challenging	N	-	21	191	15	13	3.08	.601
		%	-	8.8	79.6	6.3	5.4		
2	The process and objectives of performance management are described clearly to me	N	26	140	21	44	9	2.46	1.030
		%	10.8	58.3	8.8	18.3	3.8		
4	In the hotel goal setting process is carried out jointly by the employees and their immediate supervisor	N	117	72	17	24	10	1.91	1.153
		%	48.8	30.0	7.1	10.0	4.2		
5	My supervisor gives me a chance to participate in performance planning (agreeing on results and behaviors )	N	106	85	39	10	-	1.80	.858
		%	44.2	35.4	16.3	4.2	-		
6	My department ,,s performance plan indicates success criteria (how the individual and the manager will know that the desired results have been achieved)/KPI/	N	107	58	40	23	12	2.06	1.203
		%	44.6	24.2	16.7	9.6	5.0		
7	On the development plan meeting, my supervisor and I discuss both on my strength and areas which I need to improve in and we set goals to achieve in each area.	N	33	127	35	11	34	2.53	1.213
		%	13.8	52.9	14.6	4.6	14.2		
8	I get rewarded (Bones\Benefits) for accomplishing my development plan objectives.	N	43	128	10	42	17	2.42	1.176
		%	17.9	53.3	4.2	17.5	7.1		
9	My superiors use the previous performance assessments to set current goals.	N	31	113	40	32	24	2.60	1.170
		%	12.9	47.1	16.7	13.3	10.0		
10	Supervisors have the required skill and attitude during performance planning.	N	90	75	44	31	-	2.07	1.037
		%	37.5	31.3	18.3	21.9	-		

*Survey data(2016)*

On item 1 participants were asked if their departments goals are SMART and challenging 11.7% (15 plus 13) of them agreed, 8.8 % ( 21) disagreed However, The mean value 3.08 with standard deviation of 1.110 shows most respondents were neutral on the subject. This shows that majority of them lacks understanding about what SMART and challenging goals are and whether the hotel has it or not. Literature recommends that, relatively challenging goals are necessary to stimulate high standards of performance. Goals shouldn't be unreachable but have moderate level of challenge. From this it can be inferred that having SMART and challenging objectives are very mandatory for the achievement of organizational objective if not implemented well the PMS will face difficulties in cascading it effectively.

As shown on the table in item no. 2 22.1 % (44 plus 9 ) of participants agreed that the objectives and processes of performance management system are described clearly to them, 8.8 % (21) remained indifferent and the remaining majority 69.1% (26 plus 140) Disagreed. Also The mean value for 2.46 describes their disagreement .This implies that the objectives of performance management are not well communicated in the hotel. But for the hotel to use the system as an effective means of managing performance employees must be aware of performance management system. Or else they would not see any importance in it and would not display any sense of ownership to effectively implement the system.

On item number 4 the mean value of 1.91 and standard deviation 1.153 shows that most respondents claim that their superior do not encourage them to participate on goal setting process. Only 14.2% ( 24 plus 10) Participants agreed with the statement and the rest remained neutral..According to Armstrong (2009) one of the acceptances of goals is achieved by encouraging employees to participate in the goal setting process. Participation in goal setting improves performance because it provides the employee with an increased understanding of expectations and strategies for goal accomplishment. However Hilton Addis apparently has trouble at this part of the system.

According to literatures Performance planning focuses on what has to be done, how it should be done and what is to be achieved. But it is equally concerned with developing people helping them to learn and providing them with the support they need to do well, now and in the future. The framework for performance management is provided by the performance agreement, which is the outcome of performance planning. Performance should be carried out jointly by the manager and the individual. In item 5 respondents were asked if they are given

a chance to participate in the performance planning process 79.6% (106 plus 85) implied they don't participate in the planning process 16.3% were neutral and only 4.2 %(10) said they are involved in the performance management process. The lower mean value of 1.80 and standard deviation 0.858 of employees clearly shows the absence of participation in performance planning.

In discussing the contents of the goals and the alignment of the performance plans with the key success criteria, most of the study participants reported as the performance plan of their department do not contain success criteria while some reported as their individual plans contain success criteria. In this regard item 6 revealed around 68.8 %(107 plus 58) of the respondents reported as the performance plan of their department do not contain success criteria, 16.7(40) were indifferent about the inclusion or absence of clear measure of success in the performance plan while 14.6(23 plus 12) agreed with the statement .An effective performance management Program should assist in the establishment of key result indicators. This is because they are the basis of performance monitoring and measurement system.

As indicated in the item no 7 on the above table concerning the development plan meeting with superiors above average respondents 66.7%(33 plus 127) also shown by the mean value 2.53 and standard deviation 1.213 reported that they don't get the chance to discuss both strengths and weaknesses and set goals in each area. This implies that only few people have a chance to discuss about their development plan. Development plan should include identifying areas that need improvement and setting goals in each area. Aguinis(2007). The development plan records the actions agreed to improve performance and to develop knowledge, skills and capabilities with the support of their managers and the organization .In addition to this one of the basic aims for establishing PMS in the organization is for developmental purpose.

For item number 8 71.2% (43plus 128) of respondents answered they don't get rewarded bones /benefits for accomplishing their development plan objectives and 4.2(10) answered neutral and 24.6% stated they get rewarded for accomplishing development plan objectives. This result shows that getting rewarded for accomplishing development plan objectives is minimal.

When asked about if the supervisors use previous performance assessments to set current goals on item 11 60% (31 plus 113) employees disagreed 23.3%(24 plus 32 ) showed their agreement and the rest remained neutral. If the Performance management process is done



effectively by using the insights and information gained by previous period new goals are set. However, the result shows shortcomings in this area.

On item 10 of the above table for the statement „Supervisors have the required skill and attitude during performance planning the mean value for 2.07 and standard deviation 1.037 showed that most employees disagree with the statement. As Armstrong stated an important consideration in designing and operating performance management is how to gain the commitment of line managers and ensure that they have the skills required. At the planning and performance agreement stage they have the responsibility of agreeing with team members their roles, goals and performance improvement and personal development plans. However, the results implicates that Hilton Managers are not skilled enough to truly conduct Performance planning.

In the interview session the HR head said that although performance planning is a very significant requirement in the PMS of Hilton Addis in paper, in the actual practice there is no monitoring mechanism to oversee the implementation .After communication of corporate missions and visions the rest of the responsibilities such us making specific plans ,setting specific goals and encouraging their staff to set theirs and discuss and agree on expected results and behaviours are on the hands of department and line managers.

In light of discussing some similarities and differences with some research result the researcher looked into the following findings.

Kemunto ongori et.al(2007) finding regarding performance planning can relate with the above finding .he stated that employees lacks understanding about the entire performance management process, managers neither have well documented strategic planning to make sense of hotels purposes and actions. Performance planning is a one way and a one time activity and employees don't engage in the planning process. He further stated that managers have low conceptual skill that is required for performance planning .However according to k.maluleke (2012) there is positive result in performance planning. Their performance management is regarded as a strategic process and integrated approach. It involves ongoing dialogue between the supervisor and the employee for setting goals which are achievable and contribute in the direction of fulfilment of the organizational goal .It identifies major performance indicators and key result areas.

**Table 4.2.3 Performance Execution**

N.o	Items		1=strongly disagree	2=disagree	3=neither agree nor disagree	4=agree	5=strongly agree	M	S.D
1	I get positive ,constructive and negative feedback on my performance in a continuous basis	N	138	40	21	30	11	1.90	1.254
		%	57.5	16.7	8.8	12.5	4.6		
2	The constructive feedback I get from my supervisor is based on my performance gaps to point the way to further development	N	137	55	24	16	8	1.76	1.089
		%	57.1	22.9	10.0	6.7	3.3		
3	My supervisor gives me Feedback on progression toward goals in terms of results, events, critical incidents and significant behaviors.	N	147	57	9	17	10	1.69	1.104
		%	61.3	23.8	3.8	7.1	4.2		
4	I have the opportunity to discuss my opinions to my supervisor freely in the execution period	N	93	34	23	69	21	2.80	1.423
		%	38.8	14.2	9.6	28.8	8.8		
5	My supervisor has the skills and attitude required for managing performance throughout the year by monitoring performance against the plan ,providing feedback and coaching as necessary	N	19	120	30	45	26	2.75	1.174
		%	7.9	50.0	12.5	18.8	10.8		

*Survey data, 2016*

It is stated in the hotels policy that all the processes and stages of performance management must be practiced. But there are problems in their application for example in the qualitative data the HR head said that even though it is stated that ongoing feedback regarding employee

performance mandatory the practice is not prevalent and there is no controlling mechanism. Frequent change in supervisors because of the shifting nature of the job adds to the problem.

Although the subordinates have primary responsibilities on this stage, the superiors also need to give continuous feedback and guidance on their employee's performance so that they can go towards their objective. Major responsibilities of superiors are observation of their employee performance documentation and coaching.

The first question on the first item of the table asked the participants if they receive positive, constructive and negative feedback in a continuous basis. In this respect the, the vast Majority of participants 74.2(138 plus 40) disagreed; with lower mean value of 1.90 and standard deviation 1.254 the result clearly indicates a negative response. It's in the literature that Employees should receive regular feedback on results and performance throughout the year an ongoing basis to inform them of their quality of performance. Nevertheless the result displays considerable gap in this element.

The above table item number 2 employees were asked if constructive feedback based on performance gaps to further development is practiced in performance execution but the vast majority of them 80%(137 plus 55) disagreed with the statement and only 10 % reported that they do get constructive feedback on their performance gaps. In connection to this the rest were indifferent (unable to judge).The mean value 1.76 further describes the statement. This result indicates that when constructive feedback is given it is not based on performance gaps.

The question on item number 3 employees don't receive feedback in terms of results, events ,critical incidents and significant behaviour indicated in the mean value 1.69 and standard deviation 1.104.

Regarding item number 4,it can be seen from the above table that a little over half of participants 53% (93 plus 34) disagreed with the idea of having the opportunity to give their opinion to their supervisor freely and 37.6%(69 plus 21) of them replied they do get the chance to voice their opinion .the rest remained neutral. The mean value 2.80 describes the statement as neutral which means even if negative responses are greater than the positive ones significant difference is not seen.

On the last item on the above table, for the statement asking if the supervisor has the skills and attitude required in the execution process more than half of them 57.9%(19 plus

120)disagreed,29.6% (45 plus 26)agreed and 12.5%(30) were unable to judge. This implies that most supervisors lack skills in performing jobs like monitoring performance against the plan, providing feedback and coaching as necessary which must be done in the performance execution process.

During the interview managers stated that in the execution of performance management one reason for the lack of ongoing feedback/ communication/ is that managers are reluctant to give constructive and negative feedback and because usually subordinates don't want to hear about their weaknesses and they get defensive when confronted with them and that in turn interrupts the work environment.

Kemunto ongori et.al(2007) in his finding of performance execution stated that there is only one way communications between employees and supervisors. Managers don't encourage the implementation of performance by coaching and giving feedback which is related to the above findings. However in the case of k.mululeke;s findings the entire process involves identification, evaluation and development of the work performance of the employees through effective management practices like continuous coaching, feedback and regular communication

**Table 4.2.4 Performance Assessment**

N. o	Items		1=strongly disagree	2=disagree	3=neither agree nor disagree	4=agree	5=strongly agree	M	S.D
1	The criteria's for evaluation is based on observable and measurable characteristics of behavior of the employee	N	127	56	19	22	16	1.93	1.256
		%	52.9	23.3	7.9	9.2	6.7		
2	My performance is measured based on agreement of results and behaviors reached with my Supervisor	N	130	64	19	12	15	1.83	1.165
		%	54.2	26.7	7.9	5.0	6.3		
3	My performance assessment covers those issues which are very important in performing my job	N	20	21	31	120	48	3.65	1.144
		%	8.3	8.8	12.9	50.0	20.0		

4	I evaluate myself by filling out self assessment forms	N	17	21	25	134	43	3.69	1.085
		%	7.1	8.8	10.4	55.8	17.9		
5	Many sources are used to collect performance information(for example, peers ,subordinate and customers/360 feedback/	N	22	22	33	108	55	3.63	1.196
		%	9.2	9.2	13.8	45.0	22.9		
6	My supervisor evaluates me in comparison with other individuals rather than against the standards of my respective job.	N	74	107	31	20	8	2.09	1.033
		%	30.8	44.6	12.9	8.3	3.3		
7	My supervisor follows inappropriate generalization from one aspect of performance to all areas of my performance.	N	11	22	12	109	86	3.99	1.092
		%	4.6	9.2	5.0	45.4	35.8		
8	My supervisor rates me in the middle of the scale even when my performance clearly warrants a substantially higher or lower rating.	N	21	13	29	100	77	3.83	1.193
		%	8.8	5.4	12.1	41.7	32.1		
9	Minor events that have happened recently have more influence on the rating than major events of many months ago	N	18	26	35	113	48	3.61	1.144
		%	7.5	10.8	14.6	47.1	20.0		

**Survey data, (2016)**

The above table indicates the frequency distribution of respondent's answers regarding the issues of performance assessments. The first item asked the respondents if they believed the criteria's for evaluation is based on observable and measurable characteristics of behaviour of the employee and 71.2% (n=171) of them disagreed, 16.3% (n=39) neither agreed nor disagreed and 12.5%. (n=30) employees agreed with the premise. Formally identified criteria provide and criteria based on observable and measurable characteristics provide greater objectivity and are more likely to reward performance rather than being seen as favouritism .yet, the above results indicates there is gap in this area.

On item two on the above table the value of the mean 1.83 and standard deviation 1.165 indicates that most employees feel that their performances are not measured based on agreed

behaviours and results by both sides. However from the literatures states that if both of them haven't had meaningful dialogue about what is expected in terms of results and behaviours it will be difficult for the supervisor to truly and ethical assess the how well the individual has performed the task.

Jobs almost always have more than one job criterion or dimension; some criteria might have more importance than others to the organization. When measuring performance ,it is important that relevant criteria be used which focus on important aspects of employees jobs which can be linked to the employs job description. In light of this when asked on item three most respondents (70.0% n=168) agreed that performance assessment covers those issues which are important in performing the task at hand.

Moreover, on z above table item number 4 the mean value of 3.69 with a standard deviation 1.085 described that the employees who participated in the study agreed that they evaluate themselves by filling out self assessment forms. Smither & London (2009) stated the importance of self assessment by stating that the manager fills out his or her appraisal form, and the employee should also fill out his or her form which will provide good information to be used in the review phase. It can be concluded from the above result that there is no gap in this issue.

Again on item 5 the mean value of 3.63 and standard deviation of 1.196 showed that many sources are used to collect performance information such as peers, subordinates and customers. In the interview session the operation Manager said that peer appraisals are used but Mainly, they use customer feedback with their program called SALT(satisfaction &loyalty track) By emailing randomly selected loyal customers instantly after they check out questions about the helpfulness of the staff, Accuracy of the Bills, hospitability, speed and efficiency of the staff appearance(cleanness)of the room and such questions are asked and this is used as a major source of performance information.

On the 6<sup>th</sup> item of the above table employees replied supervisors do commit central tendency error where the supervisor rates them in the middle of the scale even when their performance clearly warrants a substantially higher or lower rating which is described with a mean value 2.09 and standard deviation of 1.033.

On item 7 the mean value of 3.99 and standard deviation employees claimed that their supervisor evaluates them in comparison with other individuals rather than against the standards of their respective job.

Regarding halo error on item 8 the respondents were asked if supervisor follows inappropriate generalization from one aspect of performance to all areas of employees performance majority of them 73.8% (100 plus 77) of them agreed that there is halo error in assessing employee's performance.

On the last item of the above table majority of the respondents i.e. 67.1% n=161 of participants responded that minor events that have happened recently have more influence on the rating than previous events. The mean value of 3.61 further indicated that recency error is committed.

During the interview supervisors claimed that one of the reasons that the above errors are committed is the frequent switching of supervisors as a result of the shifting nature of the job.

k. Mulake stated in the findings that assessment is done against the plans and behavioural dimensions that are agreed in the planning phase which is different from the above findings. Moreover, the basis for assessment for the appraisers are key result areas and key performance indicators. However, concerns are raised in the effectiveness and the objectivity of performance assessment in the result of Kemunto Ongori et al (2007). Another difference is that 360 feedback is not performed in the result of k. mulake (2012) only supervisors are responsible for the assessment while in Hilton Addis the quantitative results shows that there is in fact 360 feedback

**Table 4.2.5 Performance Review**

No	Items		1=strongly disagree	2=disagree	3=neither agree nor disagreed	4=agree	5=strongly agree	M	S.D
1	At the review stage my supervisor gives formal feedback on my performance and we discuss achievements in relation to objectives and performance /development plans.	N	6	12	33	162	27	3.80	.799
		%	2.5	5.0	13.8	67.5	11.3		
2	My supervisor identifies what I have done well and poorly by citing specific positive and negative behaviors	N	77	128	17	9	9	1.94	.938
		%	32.1	53.3	7.1	3.8	3.8		
3	We identify problems in achieving agreed objectives and establish the reason behind such problems and agree on action plan to overcome them together	N	58	111	71	-	-	2.05	.733
		%	24.2	46.3	29.6	-	-		
4.	I fully participate in the review process because I have an opportunity for frank, open and non-threatening discussions	N	56	104	29	33	18	2.39	1.198
		%	23.3	43.3	12.1	13.8	7.5		
5	The review process is based on the development and improvement needs.	N	27	148	10	35	20	2.47	1.127
		%	11.3	61.7	4.2	14.6	8.3		
6	We revise and agree on any changes in key result areas, competences and performance measures(standards) if necessary and also agree on performance plan for the next review period	N	15	140	33	36	16	2.58	1.036
		%	6.3	58.3	13.8	15.0	6.7		
7	There is provision for appeal in case there is disagreement with supervisor during performance review and the results of assessment can be changed if needed	N	53	134	18	21	14	2.20	1.065
		%	22.1	55.8	7.5	8.8	5.8		



8	Mangers have the right skill and attitude to conduct formal review meetings and provide formal feedback	N	102	51	13	50	24	2.35	1.450
		%	42.5	21.3	5.4	20.8	10.0		

**Source, questionnaire, 2016**

Although performance management is a continuous process it is still necessary to have a formal review once or twice yearly. This provides a focal point for the consideration of key performance and development issues. The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. On first item on the table above the mean value 3.80 and standard deviation 0.799 indicates that of the respondents believe that there is a formal feedback on employee's performance. Nonetheless from item In item 2, 85.4% (77 plus 128) with mean value 1.94 it can be implied that supervisors don't identify good or bad performance by citing specific positive and negative behaviours in reviewing performance.

Regarding employee's participation 66.6% (56 plus 104) of the respondents stated that employees have a little chance to freely discuss and participate in the performance review process.

According to most respondents with a mean value of 2.05 and standard deviation of 0.733 the performance review process fails to identify problems in achieving agreed objectives and establish the reason behind such problems and agree on action plan to overcome them together .64.6% (n=155) of respondents also responded that there is lack of making changes through agreement with the reviewer in key result areas, competences and performance measures (standards) if necessary and also agree on performance plan for the next review period. Most respondents included in the study also don't feel the review process is based on the development and improvement needs of the employee with the mean value of 2.47 and standard deviation of 1.127.

On item seven When employees were asked if the performance review process allows for a chance to appeal in case there is disagreement with supervisor and if unfair assessments can be corrected, 77.9% (53 plus 134) of them disagreed, 7.5% (n=18) were neutral and only

14.6% (21 plus 14) of them agreed on the issue. And this clearly implies that there is usually no corrective action is taken after an employee appeals his case

Also at the last item on the table most respondents with the mean value of 2.35 responded that managers lack the right skill and attitude to conduct formal review meetings and provide formal feedback.

Although both the above finding and the results of k.maluleke (2012) is similar as in employees conduct self assessment through personal qualifications fill out records followed by evaluation of the supervisor, they differ is in situations where the supervisor and the employee disagree on the results superiors will have the last say in the matter without siding with anyone. During review identification of development needs of staff members and a new action plan for the coming year is discussed which again is different from the above result.

### 4.3 Purposes of Performance Management at Hilton Addis Ababa Hotel

**Table 4.3.1 Performance Management purposes**

N.o	Items		1=strongly disagree	2=disagree	3=neither agree nor disagree	4=agree	5=strongly agree	M	S.D
1	Strategic- Performance Management system of the company links with my personal and organizational goals	N	24	24	56	80	56	3.50	1.234
		%	10.0	10.0	23.3	33.3	23.3		
2	Administrative- Performance Management system of the company is a source of valid information for the basis of decision such as salary adjustment, promotion, demotion and termination	N	136	26	39	26	13	1.97	1.287
		%	56.7	10.8	16.3	10.8	5.4		
3	Communication-PMS of the company communicates the organizations and supervisors expectations, the most important aspects of work and specific areas that may need improvement.	N	89	51	74	16	10	2.20	1.135
		%	37.1	21.3	30.8	6.7	4.2		

4.	Developmental-Performance Management system of the company gives feedback to improve my performance on ongoing basis thus allowing for identification of my strengths and weaknesses as well as the causes behind.	N	79	87	54	13	7	2.09	1.015
		%	32.6	36.3	22.5	5.4	2.9		
5	Organizational Maintenance- PMS of the company yields information about the skills ,abilities ,promotional potential ,and assignment histories of current employees and assess future training needs	N	21	27	40	133	19	3.43	1.076
		%	8.8	11.3	16.7	55.4	7.9		
6	Documentation –yields data for important administrative decisions and litigation. Performance review documents are retained with line managers and individuals in addition to personnel dept	N	12	27	41	102	58	3.70	1.107
		%	5.0	11.3	17.1	42.5	24.2		

*Source, questionnaire, 2016*

Table 4.6 reveals the frequency distribution of purpose of PM in the hotel. As shown in the above table most of the respondents believed that Hilton PMS is mainly used for strategic, organizational maintenance and documentation purposes. From the total number of respondent 65.9% (n=123) responded that the Hotels PMS is used for strategic purpose as in PMS of the company is linked with their personal and organizational goals. Regarding organizational maintenance purpose 62.1% (n= 144) of employees included in the study believed it to be one of the purposes of Hilton’s PMS. The hotel uses the information to identify the skills, abilities, ,promotional potential, and assignment histories of current employees and assess future training needs. 66.7% (n=160) of respondents responded that the performance review documents are used for congregation of data for important administrative decisions and litigation which indicate that the hotel’s PMS also serve for documentation purpose. Thus, Hiltons PMS serves mainly for strategic, organizational maintenance and documentation purposes. The result is also supported by the finding of the qualitative data

In the interview the HR Manager stated that Purposes of PMS could be one of the following ;Purposes of the performance management system in Hilton are strategic, where the hotels overall goals are linked to departmental and individual goals, for Organizational maintenance

where information on KSAs and future training needs of the employee is gained and documentation and but the interview differs from the quantitative findings in that managers stated that performance management is Administrative when issues that have critical implication are faced as in the case of staff competition for internal promotion (when competition for post requires additional differentiation criteria) and in front office department there are financial incentives and recognition for those increasing rooms revenue by Up-sale (convincing customers to switch from standard room to executive suite rooms) and by Recruit (persuading customers to be permanent Hilton members). and managers also stated that the purposes of the performance management is only partially practiced.

According to k.mululeke(2012) findings the main purpose of performance management in the selected hotels is developmental. Agreeing on development solutions such as the formal training, coaching and ongoing feedback and deciding together with the employees skills/knowledge/attributes needed to set up individual development plans.

#### **4.4 Challenges of performance management system**

As stated in the analysis communication of mission and vision is not the problem the problem lies in Department heads and line managers for properly cascading those missions and vision downward. Only management staff has the role of developing mission and objectives and they said once top management develop the corporate objectives we then develop our department objectives and action plans but setting SMART and challenging goals has been difficult but we are working on them so that they will be improved in the future.

Although performance management processes is well written on the Hotels HRM manual in realty it is not effectively implemented as per the stated procedure. For example in practice only performance assessment and review processes are monitored. But when it comes to the planning and execution part of the performance management process there is no mechanism to control their implementation.

Regarding the performance execution different departmental managers responded that they have a busy schedule and they prioritize other functions thus giving feedback on employees day to day performance execution is not a big of a concern for them. Thus, Continuous follow-up on progress by giving positive, negative, and constructive feedback and performance development is minimal. Except when the employee makes a major mistake his

immediate supervisor will talk to the employee about it and his/her mistake will be recorded to use later in the assessment phase.

There is usually argument regarding the assessment results .self assessment and raters assessment varies. Employees become very defensive and superiors sometimes can't completely justify their assessment results usually because of Subjectivity.

In the review meeting there is little chance in appealing and changing the outcome of the assessment. There is something called calibration meeting where supervisors and department managers discuss the assessment and considering appeals but it rarely changes outcomes of the rating. When asked why a department manager said that they predetermine the outcome even before the employee submits his/her self assessment because they believe the supervisors assessment is more credible than the employees self assessment. This shows that it is just a formality and there is only one way communication that discourages participation in the review process.

The performance management system is placed in the organization to measure performance of every employee and to give feedback on employee performance so that they can continue to work on their strength and improve their weaknesses and consequently improve overall corporate performance. In differentiating good performers from bad ones it is trouble-free when there are formally identified measurable and observable criteria which provide greater objectivity one department head said it is problematic when Qualitative criteria are usually used which are prone to subjectivity.

The operation Manager said that Mainly, We use customer feedback with our program called SALT(satisfaction &loyalty track) By emailing randomly selected loyal customers instantly after they check out questions about the helpfulness of the staff, Accuracy of the Bills, hospitability, speed and efficiency of the staff appearance(cleanness)of the room and such questions are asked. The HR manager said that no action is taken either to terminate or demote poor performers but training opportunities are provided based on training need observed on the assessment and evaluation period and the HR department record all the training on its data and it is filed in respective personnel file after the evaluation form is collected from every department.

All of the interview participants said that Trainings regarding the performance management system for Managers is given only once a year; in addition HR department disseminates reading materials about the system via e-mail for all employees.

In the whole process there is lack of ongoing feedback/ communication/One reason they stated is that managers are reluctant to give negative feedback because usually staffs get defensive when they hear about their weaknesses. The practice focuses on performance assessment and review which takes place twice a year.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Under this chapter summary of the major findings of the research questions, conclusions and recommendations are forwarded based on the results obtained which is or are being analyzed on chapter four of this study.

#### 5.1 Summary of findings

- As the analysis of the finding indicates, majority of employees in Hilton Addis hotel are well aware of corporate, functional as well as team goals of the hotel. Also on the interview session's operation manager's vision and mission of employees of the hotel are clearly communicated on monthly communication meetings and notice boards found in every department.
- The participants confirmed that objectives are based on strategic departmental goal .This shows that most participants understand the linkage between the individual goal to organizational objectives and values. Superiors don't encourage them to participate in their objectives. Department managers supported the statement by implying that performance objectives are aligned with department objectives because vision and mission of the hotel is included in each of the programs implemented to facilitate internalization. From these results it is possible to conclude that there is alignment which is a basis of performance management system.
- The results indicated on the planning phase the Hotels performance management process is not well communicated to all employees The interview result also shows that there is lack of knowledge in Performance management system because the they only get orientation once a year before the review period. Most of the employees didn't know whether or not SMART and challenging objectives are in set but the HR head said that setting SMART goals has been very difficult. Also employees stated that goal setting process is not carried out jointly with their supervisor in connection to this they don't participate in the performance planning by agreeing on results and behaviors. The descriptive statistics also indicated that most of the employees didn't get the opportunity to reach with agreement with their superior on how their performance is measured meaning individual objective with performance standard measures and key performance

indicators (KPI) are not set together. The result also indicated that most superiors don't use previous performance assessment result to set current individual objective and most employees get no benefits as a result of achieving development plan objectives. In connection to these, only few Managers have the skills and experience of setting their goals and their subordinate's objective as well as theirs based on corporate objectives. Some said that it might be because there is lack of knowledge about the process and they think the whole process is lengthy.

- In the execution period It is found that getting ongoing positive and constructive feedback about the progress of the performance on timely manner is minimal. Most employees stated that constructive feedback they get from supervisors is not based on the facts, results and behavior and performance gaps. In the interview one department head said that the trend on execution period is superior's record when there is only significantly bad performance and uses the recorded information later on assessment and evaluation period In interview session the HR manager stated that ongoing feedback is encouraged in order to improve the individual performance. The practice employees' claim on the contraire is the opposite .lastly less than half of the participants said they get the opportunity to voice their opinions freely and half disagreed with this statement.
- In performance assessment most employees claimed that there are no clear criteria and standards to over which evaluation is based and assessments are not based on results and behaviors agreed in the previous period(planning stage) .It is also found that chance is given for employees to for self assessment in the performance assessment phase. There are many sources to collect performance information from In the interview this is confirmed by for example customer feedback is requested by a program called SALT (satisfaction and loyalty track) performance assessment is done once a year but there is idea difference among superiors and subordinates because the assessment become biased because clear expectations and standard measurement are not set. In the interview managers said that we have to use mostly qualitative criteria which is usually susceptible to subjectivity. The respondents alleged that the following rating errors are there; inappropriate generalization from one aspect of performance to another ,getting rated in the middle even when higher and lower rating are shown and influence of recent events on past events. Conversely, they said that their rating is not in comparison with other employees.



- At the review stage participants agree formal feedback is given to employees in relation to objectives but supervisors don't identify what the subordinate done well and poorly by citing specific positive and negative behaviors. And they claimed that employees and supervisors don't identify the reason behind problem and action plan to resolve them .In addition to that the review process is not based on development and improvement .There is provision for appeal after results if self assessment and supervisors assessment differs but the results of questionnaire specify that there is no room for changing assessments of the supervisor even if corrective action should be taken. In the interview when the researcher asked why this happens one department manager said that in the calibration meeting the immediate supervisor and the department manager sit and discuss over the subordinates results and predetermine his result even before he submits his self assessment because they believe that the supervisor is more credible.

## **5.2 Conclusion**

The main objective of this study is to assess and investigate the application of Performance Management system in Hilton hotel and to find out the processes of performance management, particularly if employee performance planning, assessment, execution and review are properly carried out by designing the following specific questions; what does the process of Hilton look like), whether there is alignment specifically between the performance planning and the hotel's over all goals? Do staffs participate in the entire process and what are the major challenges?

In order to address the above questions, descriptive survey research design was employed comprises both quantitative and qualitative methods of data gathering. Data was gathered through questionnaire, and interviews. To collect representative data, 263 questionnaires are distributed using simple random sampling technique. Out of 263 respondents, 240 of the questionnaires are collected. Furthermore, interview is also made that are not incorporated in the questionnaire for complementing eachother. The data collected from respondents using questionnaire is summarized by using SPSS software. Here, data obtained from questionnaires are analyzed and interpreted.

Regarding alignment of performance planning and overall goals Awareness of Hotels missions" vision and strategies and alignment is one of the strengths of Hiltons" system Using more than one source of feedback is another good component of the system since literatures

suggest that multiple sources build on the strengths of all sources, while compensating for weaknesses in any single source. Nevertheless weaknesses that need to be improved are given emphasis as they deserve possible recommendations. In the case of Hilton Addis hotel, there is low understanding of performance management objectives, allowing situations for employees to participate in performance planning by jointly setting goals agreeing on results and behaviours, agreement on a clear performance measures and KPIs are not encouraged. In connection to this, Managers also lack the skill and right attitude on the whole performance management process in setting SMART and challenging goals and expectations and setting them together with their employees.

They also give minimal ongoing constructive and feedback and coaching and recognition. This encourages bad performance discourages good performers. Raters lack the required skill that helps to measure actual performance and commit errors like leniency and recency error. And at the review stage though there is formal feedback it doesn't identify the subordinates specific negative and positive behaviours based on facts. Furthermore, self assessment are not considered in the review but done only as a formality.

Employees doesn't get an opportunity to know about the benefits of performance management system, why evaluation is needed, for what purpose does it serve the evaluation procedures and components and instruments of the process of performance management. The active involvement of employees during the planning, execution, assessment and review processes as is a crucial element of performance management system to ensure success. However, we can conclude from the findings that there is apparent lack of participation in the entire process.

Some of challenges in the performance management process were described by the HR manager and department heads. Only management staff is responsible for developing mission and vision which leads to problem in cascading those mission and visions. Difficulty in giving ongoing feedback because of work load and prioritizing other important functions were also discussed as a challenge. In addition they argued Subjectivity and employee's defensiveness occurs in because qualitative criteria should be used. And finally Absence of monitoring and controlling mechanisms especially in performance planning and execution is another mentioned challenge.

### 5.3 Recommendations

Based on the analysis and the above mentioned conclusions the researcher gave some recommendations to enable Hilton Addis to implement its employee performance management system and so as to achieve its corporate objectives.

- To help employees understand the objectives and the processes of performance management the hotel in the general and departments in particular should communicate using different outlets with employees about, why performance management is needed, what purpose it serves, and the processes that it should follow.
- Employee's participation is very important element for successful performance management system. Thus the Hotel should create a platform through which employees participate in performance planning system. As a primary chapter of the PMS Performance planning should not always be a sole activity of supervisors and higher official's rather active involvement of employees is very essential for the success of subsequent stages. The Hotel should open an opportunity for the practice of setting goals and standards of performance measures on the basis of mutual agreement between employees and supervisor and let the employees to agree on the goals they are expected to achieve. The act of jointly setting goals will provide a clear direction in the form of focusing attention, increasing effort towards goal accomplishment. In practice It might be difficult to engage all employees in goal setting process, but at least at departmental level, it is possible to take some inputs from employees over the proposed goals and making necessary adjustments on the basis of their comment.
- Regarding performance assessment the criteria which are depicted to evaluate employee's performance should be taking into account tangible and measureable characteristics that measures job related behavior of employees. Understanding of such critical variables helps the employees to distinguish acceptable level of performance from unacceptable ones and thereby refine their performance according to the expectations and assessment based on agreement in the planning stage on what should be measured also avoids Subjectivity and defensive behavior. Though personal bias with respect to rating accuracy is inevitable using objective performance criteria as much as possible and making rating scales specific, clear and self explanatory minimizes the problem.

- On the review period a conducive environment for two way communication should be created where appeals that need corrective actions are considered. One quality of good evaluation system is its ability to distinguish high performers from under performers. Therefore, departments should use the system for identifying and rewarding those who are performing at an acceptable level of performance as well as identifying those who deviate from the expected behavior and results for which providing feedback and coaching are necessary so as to bring them to the expected performance standards.
- Hilton Addis should implement its performance management system fully and effectively. All of the process of PMS which are clearly stated on the policy should be completely implemented. A controlling and monitoring mechanism should be designed to assure its implementation
- Finally, the findings of this research indicated many areas to be improved in the performance management system such as the use of explicit evaluation criteria, an open and sincere feedback, a process perceived as being fair by employees and finally a structure in which improvements in performance management may be facilitated. The PM system should have a clear sense of direction, honest and meaningful feedback. There should be immediate and honest reinforcement and it should give an opportunity for employees to participate in setting the goals and standards for performance. It is important that the PM system be consistent and that appraisal results be assessed, analyzed and reviewed to classify competencies and development needs across all departments.
- The aim of every PM system must be to allow for continuous communication between management and employees about job performance and should be geared towards total improvement of the organization as a whole.

#### **5.4. Future Research Directions**

- Consequently, this study adds more empirical evidence that supports studies in the employee performance management system, process and purpose.
- Considering the limitations of this study in only one hotel in the hospitality industry further research should be carried out in other similar hotels and Future research can be carried out in-depth using different mathematical models to further primary data collection method to collect raw data .Other researchers may have better ways of addressing the same questions or other issues related to performance management system.
- The questionnaire used in this study could be expanded and modified to further study issues such as feedback, coaching, learning and development plans and managing team performance.

## Bibliography

- ❖ Armstrong (2009) *Hand book of Performance Management* 4<sup>th</sup> ed. London, Kogan Page limited London and Philadelphia.
- ❖ Armstrong, (2007). *A Handbook of Human resource Management practice*, 10 ed. Kogan Page, London.
- ❖ Bitic, Carrie & MC Devilt (1997) *Integrate Performance Management Systems: Audit and Development*.
- ❖ Bones. C (1996), *Performance management: the HR contribution, address at the annual conference of the institute of personnel and development*, 26 October, Harrogate, Newyork
- ❖ Chowdhury, M.F. (2011), “Performance Management Practices in Organizations Operating in Cleaveland, J.N.,
- ❖ Cleveland & Murghy, (1989) Practices of performance Assessment of hotels and restaurant in Kenya :a case study of kisii county(Kemunto Ongori et.al,(2007)
- ❖ Dennis Nickson,(2007),Human Resource Management for hospitality and tourism industries
- ❖ Dr. Herman Aguinis, (2005), Performance Management: Edinburgh Business school, Heriot- Watt University
- ❖ Elaine D. Pulakos (2004) *a roadmap for Developing, implementing and evaluating performance management systems* published by SHRM foundation in United State of America.
- ❖ Elaine D. Pulakos,(2004), Performance Management :A roadmap for developing, implementing and evaluating performance management systems
- ❖ Gary Cockins, (2004), Performance Management, Finding the Missing Pieces (To Close the Intelligence Gap)
- ❖ Grote, D. (2002), the complete guide to performance appraisal.
- ❖ Harris, L. (2001): “*Rewarding Employee Performance: Line Manager’s values, Beliefs and Perspectives*”. International Journal of Human Resource Management. Vol.12, pp 1182-1192.
- ❖ Herman Aguinis (2007), *Performance Management*, in Colerado, United state of America.

- ❖ Hillgren, J. S., & Cheatham, D. W. (2000) ,Understanding performance measures: An approach to linking rewards to the achievement of organizational objectives.
- ❖ Hilton Addis PDR (performance Development Review) manual Revised 2011
- ❖ Ivancevich, & Glueck, W.F (1989), Foundations of Personnel/Human Resource Management, IR VIN Inc. Homewood, /Boston.
- ❖ Ivancevich, J. M. & Glueck, W.F. (1989), Foundations of Personnel/ Human Resource Management.
- ❖ James W. Smither, Manuel London (2009). Performance Management: Putting Research in to Action. 1st ed.By john wiley & Sons,USA.
- ❖ Kate Mululeke(2012) ,Evaluating Performance Management of the hotel industry,a desertation submitted for the partial fulfillment of the requirements for the masters in Human resource management.
- ❖ Mansoor Ahmed Junejo, (2010), 'Third international conference on assessing quality in higher education'. paper presented at Lahor- Pakistan 6th-8th December
- ❖ Mathis, Robert L. & Jackson, John H. (1997), Human resource Management
- ❖ Michael Armstrong, (2006), Performance Management, Key Strategies and Practical Guidelines
- ❖ Michael Armstrong, (2009) Armstrong`s Handbook of Human Resource Management Practice
- ❖ Michael Armstrong, (2009). Armstrong`s Handbook of Performance Management: An evidence -based guide to delivering high performance
- ❖ Micheal Armstrong & Angela Baron (2005), Performance Management Practice Printed in Great Britain by The Cromwell press, CIPD House, London.
- ❖ Mondy, W., and Noe, R. (2008): *Human Resource Management*, 10th edition, New York: Prentice-Hall.
- ❖ Murphy, K.R., & Williams, R.E. (1989), “Multiple uses of performance appraisals:
- ❖ Olasunkanmi, A and Ademola, O . Attitude of Employees to Work Performance in an Organization as a Result of Performance Appraisal. Blekinge Institute of Technology., 2009
- ❖ Peter T. Chingos, (2002), Paying for Performance: A Guide to Compensation Management
- ❖ Philpott L. and Sheppard L. (1992) Managing for improved Performance: Strategies for Human Resource Management. London, Kogan Page.

- ❖ Pulakos, (2004) Performance Management in international hotel sector of yangon Myanmar(Nay Su Lin,2004)
- ❖ Rao, T.V. (1984), Performance Appraisal: Theory and Practice, Vikas Publishers Aima Management Series, New Delhi.
- ❖ Rao, V.S.P. & Rao, P. Subba (2004), Personnel/ Human Resource Management
- ❖ Robbins, S. P. (1996), Organizational Behavior: Concepts-Controversies-Applications,
- ❖ Roberts, I. (2001). Reward and performance management
- ❖ Shippmann , J. S. , Ash , R. A. , Battista , M. , Carr , L. , Eyde , L. D. , Hesketh , B. , Kehoe , J. , Pearlman , K. , Prien , E. P. , & Sanchez , J. I. (2000). The practice of competency modeling. Personnel Psychology, 53 , 703 – 740 .
- ❖ Shore, T. H. Adams , J. S. , & Tashchian , A. ( 1998 ). Effects of self - appraisal information, appraisal purpose, and feedback target on performance appraisal ratings . Journal of Business and Psychology, 12 , 283 – 298.
- ❖ Morgeson , F. P. , Reider , M. H. , & Campion , M. A. ( 2005 ). Selecting individuals in team settings: The importance of social skills, personality characteristics, and teamwork knowledge. Personnel Psychology, 58 (3), 583 – 612.
- ❖ Chen, N. S. , Kinshuk, Wei , C. W. , & Chen , H. J. ( 2008 ). Mining e – learning domain concept map from academic articles . Computers & Education, 50 , 1009 – 1021 .
- ❖ Grossman , J. H. , & Parkinson , J. R. ( 2002 ). Becoming a successful manager: How to make a smooth transition from managing yourself to managing others (pp. 142 – 145 ). Chicago : McGraw - Hill Professional.
- ❖ Nadler , D. A. , & Tushman , M. L. ( 1997 ). Competing by design: The power of organizational architecture. New York : Oxford University Press .



**Appendix**

**Addis Ababa University School of Commerce**

**Graduate studies program**

**Department of Business Administration and Information Systems**

**Dear Respondents**

The research is undertaken as academic requirements of MA degree in Human Resource Management and the focus of this study is to gain a better understanding of the "**Assessing performance management system of Hilton Addis**". The result of this research can help Hilton Addis to elevate major problems related to performance management. I would like to assure u that your response will be treated as strictly confidential and will be used only for academic purposes i.e in partial fulfilment of the requirement for MA in Human Resource Management only .The questionnaire has been designed in such a way, that minimum time is required for the completion. Since successful completion of this study depends on your genuine response, i kindly request your cooperation t o try respond to all of the questions included.

*Thank you in advance for your cooperation!*

**Note**

- No Need to Write your name
- Indicate your answer by making a tick "√" mark for questions with rating scale.

I would like to thank you very much in anticipation for your kind cooperation. If you have any question, please do not hesitate to contact me at (Mobile: 0911113635 or e-mail:lilygirma20@gmail.com)

**PART 1 (GENERAL INFORMATION)**

Please tick "√" in the box that best reflects your level of agreement

1. Your Gender: A. Male  B. Female
2. Your age: A.18- 25 years  C. 34 - 41 years   
B.26 - 33 years  D. Above 41 years
3. Your marital status: A. Single B. Married  C. Divorced  D. Widowed
4. Your total experience in years: A. Less than 1 Year  B.1-5 years

C.5-10 years  D.10-15 years  E. Greater than 15 years

5. Your highest level of education completed A. Diploma  B.BA/BSC   
C.MA/MSC  D.PHD

Part two: Opinion survey of the respondents

### 1. Alignment

	1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree	1	2	3	4	5
6	I am aware of corporate, functional and team goals of the hotel and that the objectives .					
7	Performance Objectives of my department are aligned with the hotel's goals.					
8	I know how my individual objectives support the overall organizations strategic goals and objectives.					

### 2. Performance Planning

	1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree	1	2	3	4	5
9	My department goals are SMART (Specific, Measurable, Attainable ,Realistic and Time bounded) and Challenging					
10	The process and objectives of performance management are described clearly to me					
11	In the hotel goal setting process is carried out jointly by the employees and their immediate supervisor					
12	My supervisor gives me a chance to participate in performance planning (agreeing on results and behaviors )					
13	My department ,,s performance plan indicates success criteria (how the individual and the manager will know that the desired results have been achieved)/KPI/					

14	On the development plan meeting, my supervisor and I discuss both on my strength and areas which I need to improve in and we set goals to achieve in each area.					
15	I get rewarded (Bones\Benefits) for accomplishing my development plan objectives					
16	My superiors use the previous performance assessments to set current goals.					
17	Supervisors have the required skill and attitude during performance planning.					

## 2. Performance Execution

	<b>1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
18	I get positive ,constructive and negative feedback on my performance in a continuous basis					
19	The constructive feedback I get from my supervisor is based on my performance gaps to point the way to further development					
20	My supervisor gives me Feedback on progression toward goals in terms of results, events, critical incidents and significant behaviors.					
21	I have the opportunity to give my opinion(feedback) to my supervisor freely					
22	My supervisor has the skills and attitude required for managing performance throughout the year by monitoring performance against the plan ,providing feedback and coaching as necessary					

### 3. Performance Assessment

	1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree	1	2	3	4	5
23	The criteria's for evaluation is based on observable and measurable characteristics of behavior of the employee					
24	My performance is measured based on agreement of results and behaviors reached with my Supervisor					
25	My performance assessment covers those issues which are very important in performing my job					
26	I evaluate myself by filling out self assessment form					
27	Many sources are used to collect performance information(for example, peers ,subordinate and customers/360 feedback/					
28	My supervisor evaluates me in comparison with other individuals rather than against the standards of my respective job.					
29	My supervisor follows inappropriate generalization from one aspect of performance to all areas of my performance.					
30	My supervisor rates me in the middle of the scale even when my performance clearly warrants a substantially higher or lower rating.					
31.	Minor events that have happened recently have more influence on the rating than major events of many months ago					

### 4. Performance review

	1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree	1	2	3	4	5
32	At the review stage my supervisor gives formal feedback on my performance .and we discuss achievements In relation to objectives and performance /development plans.					
33	My supervisor identifies what I have done well and poorly by citing specific positive and negative behaviors					
34	We identify problems in achieving agreed objectives and establish					

	the reason behind such problems and agree on action plan to overcome them together					
35	I fully participate in the review process because I have an opportunity for frank, open and non-threatening discussions.					
36	The review process is based on the development and improvement needs.					
37	We revise and agree on any changes in key result areas, competences and performance measures(standards) if necessary and also agree on performance plan for the next review period					
38	There is provision for appeal in case there is disagreement with supervisor during performance review and the results of assessment can be changed if needed					
39.	Mangers have the right skill and attitude to conduct formal review meetings and provide formal feedback.					

#### PURPOSES OF PERFORMANCE MANAGEMENT

	<b>1=strongly disagree , 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
40	Strategic- Performance Management system of the company links with my personal and organizational goals					
41	Administrative- Performance Management system of the company is a source of valid information for the basis of decision such as salary adjustment, promotion, demotion and termination.					
42	Communication-PMS of the company communicates the organizations and supervisors expectations, the most important aspects of work and specific areas that may need improvement.					
43	Developmental-Performance Management system of the company gives feedback to improve my performance on ongoing basis thus allowing for identification of my strengths and weaknesses as well as the causes behind.					
44	Organizational Maintenance- PMS of the company yields information about the skills ,abilities ,promotional potential ,and					

	assignment histories of current employees and assess future training needs					
45	Documentation –yields data for important administrative decisions and litigation. Performance review documents are retained with line managers and individuals in addition to personnel dept					

### **STRUCTURED INTERVIEW QUESTIONS**

To be answered by those in supervisory position (**General Manager, Human Resource Manger, Department /line mangers**)...

This interview questions are designed to collect information with respect to performance management system used in Hilton Addis. The information shall be used as a primary data in my thesis research titled “**performance management system and its application**” which I am conducting as a partial fulfilment of my study at Addis Ababa University for completing my MBA program. Your input is required for academic purpose and will be kept confidentially.

Therefore, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the study. Thank you, for your kind cooperation, in advance!!!

1. Do you and your subordinates know the organization’s mission, vision and strategic objectives? If yes what mechanisms do you use for notifying? and who is responsible?
2. What are the objectives /purposes of performance Management system of the organization?
3. To what extent is performance management system of Hilton meeting its intended purposes?
4. What are the processes of performance managements system of the Hotel?
5. Do you think that performance management system of Hilton incorporates strategic congruence and formal performance management process such as performance planning, continuous performance review, assessment, performance execution...?
6. To what extent the strategic goal of Hilton is linked with individual performance?
7. How do you communicate the strategic plan of the company with employees?

8. Do u think there is alignment between performance management planning and the hotels overall goals?
9. Do staffs participate in performance planning, assessment and review stages?
10. Do you think the performance management system differentiates good and bad performers? If so what major steps are taken when negative and positive performance is observed?
11. Are management members skilled enough to effectively carry out the performance management process, Does the hotel provide them training? if yes when and how?
12. What challenges do you face while implementing the system

Specify challenges in:

- Alignment
- Performance planning stage
- Performance execution
- Performance assessment
- and Performance review stage