

**ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTMENT OF MANAGEMENT**

**AN ASSESSMENT OF EMPLOYEES
PERFORMANCE APPRAISAL PRACTICE
[THE CASE OF ETHIOPIAN INVESTMENT AGENCY]**

BY

FIKRU RAGO

June 2010

SMUC

ADDIS ABABA

**AN ASSESSMENT OF EMPLOYEES
PERFORMANCE APPRAISAL PRACTICE
[THE CASE OF ETHIOPIAN INVESTMENT AGENCY]**

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FIKRU RAGO

**A SENIOR ESSAY SUBMITTED TO THE
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June 2010

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DECLARATION

I the undersigned, declare that this senior essay/project is my original work, prepared under the guidance of Mr. Merga Mekuria. All sources of materials used for the manuscript have been duly acknowledged.

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Submission of approval sheet

This senior research paper has been submitted to the department of management in partial fulfillment for the requirements of BA degree in management with my approval as an advisor.

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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Human Resource is the most important asset of any organization. With no participation of Human Resource nothing can be performed by it self. If so, handling of Human Resource in a systematic way will be necessary. An organization does not facilitate the system to handle the human resource as the main asset of all is not in a proper channel for progress or to achieve its target and realize its short and long run problems. Once the organization assigned all its staff in a proper place, there must be a system to promote or demote the staff members based on their performance.

Performances appraisal is one part of the human resource management. It is one part of managers' duty and responsibility. It is also a duty of any body engaged on the supervision and human resource and employee himself.

The performance of employee can be measured through various methods. Among these, classifications we can just pick up the followings.

- Job specification
- Management –By-Objectives (MBO)
- Combination of the two (Bratton and Gold, 1994:170).

It is understood, one of the basic concept in management is performance appraisal. Due to this, it is very important to set certain criteria to evaluate employee performance in order to promote the efficient and effective employee

and whereas demote those are not. It gives a good feedback to evaluate any staff member in a systematic manner (Manappa,1997,1997:119)

Without doing this, promoting or demotion is not fair. Leave alone the fairness, employees don't recognize how they are doing it. Performance evaluation is one indicator on which they have weakness and how it can be improved. Then the next step is arranging training and development to upgrade their skills in order to perform their assigned duty and responsibility. Even if we could not find a document when the system started to be implemented in Ethiopian Investment Agency, the performance appraisal has applied since the agency was properly established by the proclamation no. 31/1992 May 25, 1992(Negarit Gazeta, 51st year no.11).

1.2. Background of the Organization

Ethiopian Investment Agency was established by the proclamation number 31, 1992 for the encouragement, expansion and coordination of investment. It is the government organization at the Federal level.

It is clear that each regional government has their own investment agency bureaus, but huge foreign investors and those who was born in Ethiopia and have foreign nationality can be entertained at the nation level in order to get the license permit and issuance of investment certificate and clearly indicate which part of the country they want to invest their capital and then they will be given a supporting letter from the Federal level to let them facilitate the necessary arrangement from their side.

In the absences of effective performance appraisal system the Ethiopian Investment Agency does not know precisely how well its employees are doing & the employees can not know whether they have the required level of performance or not, whether to Improve or keep up their current level to performance. It is also one of the important way in which training and development may be identified. Performance appraisal is not occasional; it is rather integral part of manager's task.

1.3. Statement of the problem

As it is indicated on the background of the study applying the relevant performance appraisal practice can have an important effect on the achievement of the objectives or goals of the agency, to identify actual level of performance, to aid successful planning & to facilitate communication between employee and management.

The importance of performance appraisal practice to employee could be used to know whether they have the required level of performance or do they need follow up for progress in training and any other mechanisms.

The existing performance appraisal practice in Ethiopian Investment Agency is not well structured to evaluate the actual performance of employee, due to the fact that the existing system lacked the basic features and fail to objectively measure individual performance. It is because the performance appraisal for is prepared by and external body of another organization. It does not really reflect what should be evaluated as per the schedule to be performed by the assigned employee. It has drawback and that focuses on the characteristic based performance like the relationship with the immediate supervisor, and some other close things that does not objectively measure the work of an employee. Generally the system evaluates the person alone but not the person as well as the work which was performed by the person at the same time. .

It focuses on self disciplines, relationship with the supervisors, communication and it is difficult to measure one's own performance with regard to the job performed.

Appraisers most of the time, do not have the same opinion on the factors listed in the appraisal form, because the form is prepared by the Federal Civil Service Commission not by the Ethiopian Investment Agency. This is because the definitions written in the form will not have border or explicit standards that could be taken as a base for all clerical staff in the agency. The above criteria set as standard to evaluate the employee and their performance has a gap. The factors

indicated in the appraisal form are highly questionable and the system is not fairly evaluate the employee in relation to the job performed.

1.4. Basic Research Question

The study works to find out answers to the following basic questions.

1. What does the existing policy of Ethiopian Investment Agency towards employee performance appraisal look like?
2. What are the problems of the methods used to appraise the employee's performance of the agency?
3. Does the method really objectively measure employees' performance?
4. What problems are there with regard to the appraisal practice in the agency?

1.5. Objective of the study

1.5.1. General Objective

The objective of the study is to assess the existing performance appraisal practice of the Ethiopian Investment Agency, so as to recommend or suggest towards improving the existing performance appraisal practice of the agency.

1.5.2. Specific objective

In line with the general objective, the researcher works towards achieving the following specific objectives.

- To review what the existing policy of the agency look like.
- To identify the problems of the methods used towards employee performance appraisal.
- To find out other alternative that objectively measure the performance appraisal of the employee performance.
- To investigate the existing problem in the agency with regard to the appraisal practice.

1.6. Significance of the study

The ultimate purpose of this study is to initiate supervisors and supervisee to review the existing performance appraisal in order to help employee to deal with performance problem. The study emphasises the reasons stated below.

- This study will indicate and provide information about the existing performance appraisal problem of the agency.
- The study would be used by the Ethiopian Investment Agency and staff to reconsider the importance of performance appraisal of the staff and suggests the possible solutions to enhance employee performance in the agency.
- The study will create awareness on the strength and weakness of the performance appraisal practice.
- The study will show how the employee have felt and viewed about the existing performance appraisal practice of the agency.
- The finding of the study could invite other interested researchers to perform the best and in depth the study to come up with better performance appraisal system.
- The study will reflect the problem and recommend that can provide possible solution in the problem. The researcher expects that the
- concerned body of the agency shall be benefited from the outcomes of the study. It is also one step forward for those who would like to carry out further study in the area.

1.7. Delimitation of the study

The study is delimited to evaluate employee performance appraisal system of the agency. This study delimited on appraisal form designed since its establishment by the proclamation number 31,1992. It is specifically directed towards identifying performance appraisal standards used in the agency.

1.8. Limitation of the study

To make the research complete, it was better to have the necessary information from all branches at the regional state. However, due to time constraint and financial problems, the study restricted to the Federal level office located on the Bole road near by the Dembel City Centre. The performance appraisal form has been prepared by another agency mostly focus on the job not the person performing the job. The researcher has arranged to have the interview with the human resources head, but unfortunately he was unable to do it due to the work load. In addition to this, there is no post delivery of meeting with the staff to have discussion with the staff regarding the result of the performance appraisal result.

1.9. Research Design and methodology

1.9.1. Descriptive type

- Descriptive type of research design was employed on the assumptions that would help to gather different data related to the problem. The size of the population is 50 and for this size of population we prefer to take 40 of them due to some constraints like assigned for pre planned training course and official visit outside Ethiopia and some other personal problems.

1.9.2. Sampling techniques and sample size

The researcher used simple random sampling technique that is lottery method.

1.9.3. Types of data used

The study employed both primary and secondary data.

Primary data were obtained by distributing questionnaires to clerical employee at the operational level and their performance appraisals, i.e. immediate supervisor or the concerned person.

Secondary data were collected from different internal and external published books and periodicals.

1.9.4. Method of data collection

In order to come up with a certain conclusion, the researcher used questionnaire, and review of documents.

1.10. Organization of the study

The first chapter deals with the introductory part of the study. The second chapter focused on the review of related literature. The third chapter is about data presentation, analysis and interpretation. The fourth chapter is about summary, conclusion and recommendations of the research.

CHAPTER TWO

Review of related Literature

2.1. INTRODUCTION

As previously discussed in the chapter one, Performance Appraisal is an important term: The assumption of doing performance appraisal is applicable on if employees will be evaluated and the result of performance appraisal is given back to the employee in order to motivate to let them work effectively. Without doing this, the organization does not know how well its employees are doing and also don not know whether they have the required level of performance or not, to improve or keep their current level of performance. It is an important indicator to organize training and development need for them. With the help of performance appraisal we can identify who deserves a raise in salary, promotion, additional training, transfer, reassignment, and in some case termination. Due to this special attention should be given to both by the management and employees of the organization (Monappa,1997:119)

2.2. What is performance appraisal?

Various individuals define performance appraisal but,

According to Bolton (1987:177) performance appraisal is defined as the name given to procedures that make regular assessment of employee's performance. Performance appraisal helps employees to receive feedback on their performance indentify training needs and further more plans for development. It is a review of progress. When we use the term "Performance Appraisal" we imply that, we are concerned with the process of valuing the employee's worth to the organization; with a view to increase it (Attwood and Dimock,1996:85)

2.3. Reason for Appraisal

It has many useful purposes for the organization and the employee too. There are a number of reasons why performance appraisal is carried out by an organization (Bolton,J. 2001:148). These are:

- Identify actual level of performance.
- Review performance, give feedback to the employee, and to set goals for the future;
- Identify potential performance;
- To identify training needs;
- To review salary;
- To identify, among employees within the organization who might have potential to perform at higher level.
- To set a base for personnel decisions to promote, to take disciplinary action and salary increase.

2.4. Objectives of performance appraisal

As per the Manoria, (1980:363) the objectives of employee performances are:

- To determine increments, rewards, and provide a reliable index for promotions and transfer to positions of greater responsibility;
- To maintain group and individual development by informing employees of their performance meet higher up to standard level;
- To identify training and development needs and to evaluate effectiveness of training and development programs.
- To plan career development of human resource planning based on potential ties.

Management objectives in performance appraisal is to encourage managers to think carefully about the performance of their staff in general and factors influencing it, including their own style and behaviour (Attwood and Dimmock,1989:85)

2.5. Importance and purposes

Performance Appraisal has been considered as the most important tools for an organization for the information it provides is highly useful in making decision regarding various personnel aspects such as promotions and salary increases. It measures and link information gathering and decision making processes which provide a basis for judging the effectiveness of personnel sub divisions such as recruiting, selection, training and compensation(Mamoria,1980:362)

2.6. Appraisal by objectives or result-oriented appraisal.

According to Marthin and Jackson(200:127-128), the best way to evaluate or appraise by using objectives standards, it is recommended that ongoing communication should focus on progress to work achieving these targets, identifying barriers and removing them. A person performance should be measured according to a set of standards and targets negotiated individually with each person.

2.5.1. Performance management and appraisal system that calls for comparison between specific target goals and the actual result achieved by an employee. On the other hand, Management-By-Objective is a process in which the objective set by the supervisor and subordinate should be meet with in a given time period (Mamoria,1980:381)

According to Aggrwala(1999:29-30) description Management by objective can be explained in four steps.

The first step is establishing attainable goal. In some organization this can be done by a supervisor and subordinate. In some cases only a supervisor can do this by himself. The performance appraisal can be evaluated by these points.

The second step: a present standard arrangement of performance for subordinate and the subordinate perform his/her assigned duties. Finally he will be evaluated to it.

In third step, in this case, the goal attainment is compared with the goal agreed upon. The supervisor looks for the goal that was not attained to meet the goal.

The step shows his/her short coming and the training required for them.

The next step is to set new goals and strategies for those not attainable.

2.7. Merit

1. Rating systems are so popular because it's possible to complete the rating obligations quickly and with a minimum effort.
2. Most employees and managers are familiar with the rating system, so they do not seem to need any training to use the system.
3. It allows uniformity and consistency.

2.8. Demerit

1. Since the rating systems appear easy to use, simple, and standardized, it is easy for managers to forget why they are doing them and just get them out of the way.
2. The scale used is not clear.
3. It does not provide feedback specific enough to help employees improve their performance Robbins(1998:293).

2.9. Performance Appraisal of Ethiopian Investment Agency

As it is stated in the chapter one, there is no justification to say it was started in this period. It can be assumed after the establishment of the agency by the proclamation. It is understood that the evaluation form in most of the government was prepared by a separate body. This organization takes into consideration the

general assumption of all professional and non professional staff members did not pay attention to clerical or non professional staff. Due to this the performance evaluation paper is not well structured and it evaluates the person not the work performed. It is a characteristics based performance evaluation. It needs to be reviewed reconsidered to let the staff be involved when it is revised (proclamation no. 31/1992 May 25, 1992(Negarit Gazeta, 51st year no.11).

2.10. Appraisal methods

There are different techniques of appraisal are available in order to measure performance appraisal of an employee. Obviously, the scale and method can be differing:

1st they differ the qualities to be appraised. It is because of the difference in job requirements.

2nd they differ in different kinds of works.

3rd the degree of precision attempted in evaluation.

Finally they may differ in the method used to obtained weightings for various steps (Mamoria:1980:368).

According to Bacal,(1999:92), there were no perfect evaluation method in order to evaluate employee performance. The key point is to recognize the limitation of the system you are using and work around them.

2.11. Rating system

From time to time, organization finds it's useful to summarize employee performance. This help with comparing performance over time within the context of formal performance appraisal requirements, rating means evaluating employees or group performance rating against the element and standards in an employee's performance plan and assigning a summary rating of record. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other human resource activities, such as pay increase, promotion, etc....

The rating systems are more or less common to assess performance. Rating has least effort but has more impact on staff evaluation. During evaluation period the points taken into considerations are:

“How much value do they add to the organization to what extents do they help to create improvement and success” (Mamoria:1980:368).

2.12. Merits of rating system

- It is possible to complete the rating obligations with minimum effort.
- Both the supervisor and subordinates are very familiar in using this rating system than any other system.

2.13. Demerit of rating system

- It seems easy for the supervisors to forget why they are doing and get out of the way.
- The scale they use can be vague and not clear.
- This cannot provide feedback and improve the employee performance.

The More effective rating system

- Supplement the rating system though regular discussions with employees how the work is going on.
- Ongoing monitoring provides the supervisors the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards.
- By monitoring continually a supervisor can identify unacceptable performance in any time during the appraisal period and assist them by addressing such performance immediately rather than waiting to the end of the period Robbins, J. (1998:293).

2.14. Developing

In any organization employee development needs are evaluated and addressed. Developing in such away means, increasing the capacity to perform through training giving assignments in order to introduce new skills or higher level of responsibility improving work performance.

Providing employees with training and developmental opportunities encourages good performance, strengthens job related skill and competencies and helps

employees keep up with changes in the workplace, while planning and monitoring work deficiencies in performance become evident and should be addressed. Areas for improving good performance also stand out and action can be taken to help successful employees improve even further.

2.15. Ranking systems

Ranking system involves comparing people against each other and determine whether an employee is better than the same as, or worse than his or her colleagues on the basis of some set of criteria.

Ranking systems have the potential to cause unwanted side effects. Because ranking systems compare colleagues, in a very real sense they push people to compete with each other. There are two ways for an employee to be ranked higher than his or her colleagues. One is to perform better and accomplish more. That is not bad.

In short run, ranking system can encourage some people to work harder to come out on top. But they can also encourage people to passively or actively interfere with the work of other Bacal, Robert(1999:92)

2.16. To make rating system work

- Supplement the rating system with regular discussion with each employee about how work is going on. Not to wait until the yearly review comes to discuss any problems.
- Supplement the rating sheet/form with some way of making short comments about each item. If the rating is low, explain why. If the rating is high, explain what the person has done well.
- Always clarify the meaning of each rating item before doing the rating.
- Rate together with each employee.

2.17. Rewarding

In a business organization rewards are used to encourage employees. Rewarding in a sense that, recognizing employees individually and as members of group, for their performance and accepting their contribution to the organization or agency's mission. The main principle of management is that all behaviour is controlled by its consequences.

2.18. Trend of performance appraisal

According to Marthin, M. and Jackson, T. (2009:127-128) also provide the following breakdown of recent trends of performance appraisal.

2.16.1. From traits to results based assessment

Management by objectives (MBO) approach evolved around 1960's based on a more scientific approach and on more forward focused performance appraisal. Management by objective schemes are still in existence today.

2.16.2. From effort to result focus

The management By Objective approach, the method of assessment has shifted away from effort measures, such as concentration, enthusiasm and self-organization to results measures such as quality of work, sound decision making and financial performance.

2.16.3. From management to all jobs

Many organizations still operate separate schemas for appraising managerial and non managerial posts there has been a move towards incorporating employees at all levels within the performance appraisal system.

2.16.4. From top down 360 degree appraisals

Appraisals have moved on from a fairly simple manager subordinate (or top down) relationship to 360 degree appraisal, involving stakeholders who provide feedback on an individual's performance.

2.19. Who will appraise?

Performance Appraisal is undertaken by the immediate supervisor. Sometimes a more senior manager is used in overseeing role. More open appraisal implies a shift in the control of appraisal from the appraiser to the appraise (Attwood and Dimmock, 1998:86)

2.20. Performance appraisal problems

Performance appraisals are subjected to a wide variety of inaccuracies and biases referred to as “rotigerrors” these errors occur in the rater’s observations judgement, and information processing, and can seriously affect assessment result

(Aswathappa) 2002: P 207). The followings are the most common rating errors(Aswathappa,2002: pp 207-209).

- The tendency to give good overall assessment on the basis that one particular aspect has been accomplished well.
- A tendency to avoid giving low rating, even when deserved, in fear of angering or upsetting a work performance.
- The tendency to rate employee performance as ‘average’ or ‘Good’ rather than to use the end-points of rating scales.
- The tendency to give particular weight to recent occurrences in reaching judgements about individual performance.
- The tendency to give high rating to people who have performed well historically, whatever their performance over the previous year.
- A tendency to refrain from, on principle, from giving particularly high rating.
- A tendency to rate subordinates at a lower level than the appraiser achieved when in their position.
- A tendency to be evenly harsh indicating subordinates or others.
- The tendency to rate all subordinates as good, bad, and average irrespective o their distinguishable performances.
- The tendency where the evaluator rates favourably persons who show up behaviour or traits similar to himself.

- The tendency of the ratter to give higher rating to rate in higher position.

In short the errors are: Leniency error, Halo effect, control tendency ratters error, recent incident effect, similarity error and reward effect and others, it is investigated by different scholars.

2.21. Role of Appraising

According to Biruk (2003:55), the rate of appraising supervisor includes:

1. Clearly link the objectives operational plan and budget of his functional unit extracting from the corporate plan with the ratee's key performance goal.
2. Encourage the rate to establish key performance goals.
3. Prepare the designed level of performance result at fully satisfactory level for each respective key performance goals under job related and behaviour related evaluation criteria.
4. Weight each evaluation criteria relative to each significance for the successful accomplishment of the ratee's job.
5. Review and recommends the training or support requirements of the rate to do his job successfully.
6. Support implementation of the plan through correcting coaching, counselling or reinforcement as deemed necessary.
7. Works with the employees to revisit and revise performance plans as necessary.

CHAPET THREE

Data Presentation, Analysis and Interpretation

In this chapter the data collected using the questionnaire are summarized, tabulated and analyzed. From 40 distributed questionnaires, 35(70%) clerical employees have responded the questionnaire as follows.

Table 3.1. General background of the respondents

Item	Response	Frequency	Percentage
Sex	Male	20	57.14
	Female	15	42.86
	Total	35	100%
Age	Equal or less than 25 years of age	2	5.7
	26 – 30	3	8.57
	31 – 40	15	42.88
	41 – 50	10	28.57
	>50	5	14.29
	Total	35	100%
Education	High school	0	0
	College Diploma	13	37.14
	Bachelor/1 st Degree	15	42.86
	Masters/2 nd Degree	7	20
	Total	35	100%
Assignment	Human Resource	5	14.29
	Director	6	17.14
	Planning	4	11.43
	Research and Promotion	5	14.29
	Licensing	15	42.86
	Total	35	100%
Current position	Executive Secretary	5	14.29
	Expert	15	42.86
	Human resource	8	17.14
	Team leader	7	11.43
	Director	5	14.29
	Total	35	100%
Service year	5 years or below	20	57.14
	6 – 10 years	7	20
	11 – 20 years	8	22.86
	20 years	0	0
	Total	35	100%
Position for Performance Appraisal	Appraisee	15	42.86
	Appraiser	8	22.86
	Both	8	22.86
	Others	4	11.43
	Total	35	100%

Source, Survey, 2010

Most of the respondents from the agency in sex category, they are male and it is 57% of the total respondents, where as 43% of the population from the respondents are female. The respondent age group is categorized in the productive age and it is around 57% of the total population. This is very encouraging for the agency to use this energetic group for their effective service render in the investment area.

Most of the respondent education qualification is attractive and helps the agency to overcome their target plan. It is around 43% of the total population are degree holders; where as 37% of the respondents are diploma holders. In addition to this, 20% of the respondents are qualified up to master degree. This indicates that the agency has qualified number of employees. Most of the respondents are assigned in a very busy place of issuing licence for local and foreign investors. The other respondent's are assigned to the director office, human resource, research and development respectively.

Their current position of assignment is mostly at expert level, human resource and team leaders respectively.

Most of the respondents know very well about the agency and their service year is around 57% of the total population, where as 23% is above 11 years service. The remaining 20% is from 6 years up to 10 years.

Concerning respondent's position in relation to performance appraisal, 42.8% of the total population position is categorized to appraisee. On the other hand 22.8% of the respondents claim their position to be appraiser and both appraise each, while 11.4% of the respondents indicated other positions. The fact that significant proportion of the respondents have a position of appraisee enable us to see the perception of the appraise about the appraisal.

Table 3.2. Existence of performance Appraisal Practice

Item	Response	Frequency	Percentage
Existence of performance appraisal practice	Yes	28	80%
	No.	7	20%
	Total	35	100%

The above table shows that, 80% of the respondents confirm that, the organization has its own performance appraisal practice in the agency. On the other hand, 20%

of the respondent refused the existence of the performance appraisal policy. This information further notifies us that there may be a significant group of the workers who do not have any knowledge of the existence performance appraisal practice.

Table 3.3. Rating of contents in the form

Item	Response	Frequency	Percentage
Rate of contents in the form	Very good	5	14.29
	Good	7	20
	Neutral	3	8.58
	Poor	18	51.43
	Very poor	2	5.7
	Total	35	100%

According to the above table, 51.4%, 20%, 14.3%, 8.6%, and 5.7% of the respondents rate the content of the performance appraisal as poor, good, very good, neutral and very poor respectively. This implies that there is a significant proportion of respondents who have

discontents about the appropriateness of the contents of the performance appraisal form.

Table 3.4. Focus on most important aspects of the job of performance appraisal

Item	Respondents	Frequency	Percentage
Focus on the most important aspect of the job of performance appraisal	Strongly agree	5	14.29
	Agree	5	14.29
	Neutral	3	8.58
	Disagree	20	57.14
	Strongly disagree	2	5.7
	Total	35	100%

The above table shows 57.1%, 14.3%, 8.6% and 5.7% of the respondents reflects their view as totally and strongly agree with the idea. On the other hand 14.3% of

the respondents agree and strongly agree with the idea respectively. Some significant respondents claim that 8.6% are neutral and strongly disagree with the point indicated above. This point shows that the performance appraisal practice used to measure the performance appraisals of the employee's does not focus on the most important aspect of the job.

Table 3. 5. The objectivity of the performance appraisal

Item	Respondents	Frequency	Percentage
The objectivity of the performance appraisal	Strongly agree	0	0
	Agree	20	57.14
	Neutral	6	17.14
	Disagree	6	17.14
	Strongly disagree	3	8.57
	Total	35	100%

The majority of the respondents in the above table shows (57.1%) agree with the idea indicated objectively measures the employee performance appraisal perfectly. Whereas, 17.1% the respondents are neutral and 17.1% of the other respondents disagree with the content. While other few in number 8.6% try to reflect their view by strongly disagree with the idea. The majority of the respondent's reflection shows that to let the performance appraisal practice be objectively measure the performance appraisal.

Table 3.6. Factor that does not measure your performance

Item	Respondents	Frequency	Percentage
Factor that does not measure the performance	Knowledge of the job	0	
	Quality of the job efficiency	0	
	Duty consciousness	0	
	Personal integrity	2	5.71%
	Responsibility/Dependability	3	8.57%
	Cooperation	5	14.28%
	Relationship	3	8.57%
	Adaptability	3	8.57%
	Communication	3	8.57%
	Effort to improve one self	2	5.57%
	Maturity/self discipline	6	17.14%
	Punctuality and attendance	6	17.14%
	Health		0
	Personality	2	5.71%
	Total	35	100%

Majority of the respondent reflect their view regarding the above points 17.1% of them Maturity/self discipline and punctuality /attendance do not measure their performance appraisal respectively. Whereas 14.2% of the respondents claim that cooperation does not measure their performance. On the other hand significant numbers of the respondents reflect their opinion (8.57%) responsibility; relationship, adaptability and communication do not measure their performance appraisals. Very few respondents show their opinions that do not measure their performance appraisal are personal integrity, effort to improve one self and personality consecutively to 5.8% from the total respondents.

Table 3.7. Level of satisfaction with regard to the content of performance appraisal practice.

Item	Respondents	Frequency	Percentage
How do you rate your satisfaction with the level of the content of performance appraisal form?	Very high	0	
	High	10	28.57
	Moderate	4	11.43
	Low	18	51.43
	Very low	3	8.57
	Total	35	100%

According to the above table 51.4% of the majority reflects their opinion that level of satisfaction of the performance appraisal is low. Whereas 28.6% of the total respondent claims to be high level of satisfaction. On the other hand 11.4% of the respondents point out their level of satisfaction is moderate. Significant numbers of the respondents (8.6%) express their feeling that it is very low. Although there are different opinions, the majority reflect that their level of satisfaction is low.

Table 3.8. The drawback of the system

Item	Response	Frequency	Percentage
The drawback of the system	It is non objective measure	20	57.14
	Not capable to measure any one performance appraisal	15	42.86
	Total	35	100%

Regarding to the above table 57% of the respondents indicate that the drawback of the system is none objective measure. On the other hand 42% of the total respondents show their opinion as not capable to measure any one performance appraisal. This shows that the drawback is not objective measure.

Table 3. 9. Employee's performance appraisal result is used for personnel activities

Item	Response	Frequency	Percentage
Employee's performance appraisal result is used for personnel activities	Yes	20	57.14
	No	15	42.86
	Total	35	100%

According to the above table 57% of the respondents confirm that the employee's performance appraisal result is used for personnel activities. Whereas 42% of the total respondent expresses their opinion the employee's performance appraisal not used for personnel activities. We can understand from the majority of the respondents that there is a possibility of using the employee's performance appraisal for other purpose.

Table 3.10. The applicability of performance appraisal

Item	Response	Frequency	Percentage
The applicability of performance appraisal	For salary increment	9	25.71
	For training	14	40
	For promotion	12	34.29
	For improvement of employee performance	0	0
	To measure employee's performance	0	0
	Bonus	0	0
	Total	35	100%

Concerning the responses for performance appraisal in relation to training 40% of the respondents reflect their feeling that it is used for such purpose. Whereas 34.3% of the respondents show their feeling that it is used for promotion purpose. On the other hand, 25.7% of the respondents indicate that it is used for salary

increment. This implies that performance appraisal is used for general purpose, but not for improvement of employee performance.

Table 3.11. The achievable purpose through performance appraisal

Item	Response	Frequency	Percentage
The achievable purpose through performance appraisal	Better communication	10	28.57
	Better relationship between employees management	4	11.43
	Better sense of contributing to the achievements of the agency as a whole	15	42.86
	Motivate employees to enhance job satisfaction	5	14.29
	Others	1	2.86
	Total	35	100%

The above table shows 42.8% of the respondents give their opinion for better sense of contribution for achievements of the agency as a whole. On the other hand 28.6% of the total respondent indicates that it is for better communication purpose. Whereas 14.3% of the respondent reflects their opinion that it is for motivating employee's enhancement for job satisfaction purpose. 11.4% of the total respondents express their feeling that it is for better relationship between employees management. Significant number of the respondent (2.9%) expresses their feeling that it is other than the above points.

Table 3. 12. The cause of poor performance in the agency

Item	Response	Frequency	Percentage
The cause of poor performance in the agency	Absences of sound performance appraisal practice	6	17.14
	Routine kind of work	4	11.43
	Absence of active participation in planning and decision making	6	17.14
	Absence of clearly settled objectives and participation on setting them	4	11.43
	Poor motivation	15	42.86
	Total	35	100%

Referring to the above table 42.9% of the respondents express their feeling that it is poor motivation purpose. Whereas 17.1% of the respondent indicate that it is absences of sound performance appraisal practice and absence of active participation in planning and decision making respectively. Other significant number of respondents (11.4%) respectively expresses their feeling that it is due to routine kind of work and absence of clearly settled objectives and participation on setting them respectively.

Table 3.13. The Subjectivity of the performance appraisal of the agency

Item	Respondent	Frequency	Percentage
The Subjectivity of the performance appraisal of the agency	Yes	24	68.57
	No	11	31.43
	Total	35	100%

According to the above table 68.6% of the respondents confirm that the agency performance appraisal is considered as subjective matter. On the other hand, 31.4% of the total respondent expresses their opinion as not the agency's performance appraisal is subjective. We can understand from the majority of the respondents the agency's performance appraisal is subjective.

Table 3.14. Subjectivity and the main weakness of performance appraisal practice of the agency

Item	Responses	Frequency	Percentage
Subjectivity of performance appraisal practice of the agency	Yes	22	62.86
	No	13	37.14
	Total	35	100%
Weakness of performance appraisal practice	Yes	22	62.86
	No	13	37.14
	Total	35	100%

Reference is made to the above table that 62.9% of the respondents confirm that the performance appraisal form designed for the agency is composed of subjectivity, which does not evaluate the employee performance based on the employee with regard to the job he/she performed. Therefore, the main weakness of the agency performance appraisal is the subjectivity of the form which does not evaluate the appraisee in relation to the job performed. While 37.1% of the of the respondents claims to be no, subjectivity is not the main weakness of the performance appraisal of the agency. Whatever the cause is the majority suggest that the main weakness is the subjectivity of the performance appraisal practice of the agency.

Table 3.15. The need for objectivity of the performance appraisal

Item	Response	Frequency	Percentage
The need for objectivity of the performance appraisal	Strongly agree	10	28.57
	Agree	20	57.14
	Neutral	5	14.28
	Disagree	0	0
	Strongly disagree	0	0
	Total	35	100%

Concerning the above table 57.1% of the total respondents have agreed the subjectivity of the performance appraisal has to be changed. While 28.6% of the respondents strongly agree that the subjectivity should be changed. On the other hand 14.3% of the respondent preferred to be neutral. In any cause the above two group respondent agree and strongly agree confirm that the subjectivity of the performance appraisal should be changed.

Table 3.16. The way you rate the appraiser's/manager knowledge of those factors

Item	Respondent	Frequency	Percentage
The way you rate the appraiser's/manager knowledge of those factors	Very good	5	14.29
	Neutral	21	60
	Poor	4	11.43
	Very Poor	5	14.29
	Total	35	100%

The above table shows 60% of the respondents preferred to be neutral for this part. On the other hand 14.3% of the respondents express their opinion that very good and very poor respectively. While others 11.4% of the respondents indicate that it is poor. In this case, although it is difficult to conclude the respondents idea as very good and very poor, poor is recommendable.

Table 3.17. The experience and ability of the appraiser's/managers in making performance appraisal

Item	Respondent	Frequency	Percentage
The experience and ability of the appraiser's/managers in making performance appraisal	Yes	20	57.14
	No	15	42.86
	Total	35	100%

According to the above table 57.1% of the respondents express their opinion that the experience and ability of the appraiser's/managers in making performance

appraisal is recommendable. While 42.9% of the respondents confirm that it is not recommendable.

3.18. What would you like to suggest are important factors for the Ethiopian Investment Agency to have a good performance appraisal practice?

- Other performance appraisal practice should be designed by both parties (ratter and ratee's)
- It should be based on job focus and objective performance appraisal practice
- Training is required for middle level managers and ratters.
- Highly performed employees should be encouraged and separated from low performing employees.
- The organization should uses separate appraisal format based on their qualification and to the position they are assigned to perform the job.
- The appraisers should have records every day for the job performed by the appraisee.

CHAPTER FOUR

4. Summary of Findings, Conclusions and Recommendations

This chapter deals with the summary findings, conclusions and recommendations based on the findings. It is based on the general overview of the ongoing performance appraisal practice of the Ethiopian Investment Agency. Accordingly the researcher has come up with the following findings.

4.1. Summary of Findings

In this part of the study researcher summarizes what he has come accrouse in the course of the study.

- According to the general background of the respondents, in the case of sex, male and female are 57.1% and 42.7% respectively. Whereas with regard to the age group 42.9% categorized in 31-40. It is the energetic and productive age. Whereas 28.6%, 14.3% and 8.6% are categorized in 41-50, above 50 and 26-30 respectively.
- According to the educational qualification, the majority of employees 42.9%, 37.1% and 20% are educated respectively.
- 80% of the respondents confirm that the organization has its own performance appraisal practice.
- The majority of the respondents 51.4% claim that the form has problem with rate of contents.
- The majority of the respondents 51.4% reflect their opinion that the level of satisfaction with regard to the content of the performance appraisal is low.
- Majority of the respondents 57.1% shows that employee's performance appraisal result is used for personnel activities (like for training purpose, Salary increments, promotion and any others).

- Most of the respondents (60%) preferred to be neutral on the appraiser's/manager knowledge of rating the performance appraisal.
- Most of the respondents (57.1%) confirm that the drawback of the system is non objective measure.
- 42.9% of the respondents reflect that the cause of poor performance in the agency is poor motivation.

4.2. Conclusions

The existing performance appraisal practice of the Ethiopian Investment Agency is found to be not achieved the desired result. This is due to the fact that it is not evaluate an employee's work performance. It evaluates in a way they plan to evaluate each one of the staff. It is also subjective and personal bias.

On the bases of the findings stated above, the following conclusions can be drawn.

- Employees have problems with the contents in the form and the method used to appraise employees in the agency.
- The factors used to measure employee's performance do not focus on the most important aspects of employees' job.
- The need for objectivity of performance appraisal is high and the agency should revise its performance appraisal form.
- Their level of satisfaction with regard to the performance appraisal practice is low.
- The majority of the respondent clarify subjectivity is the main weakness of performance appraisal practice of the agency.
- The need of objective measure is high with the respondents.
- Poor performance occurred due to the absence of motivation or there is no difference between high and low performing groups.

- The Management, Supervisors and Supervisee should come together and review their performance appraisal format which was prepared by the external body.

4.3. Recommendations

Due to the current growing of the national economy of the country, investment has major roll in contributing to the existing development. In our previous experience, especially in government offices there is no personal interest to move activities as faster as possible. There is no consideration of the time value. Foreign Investors pay attention to the time value. Unless we change our attitude and make faster the service we offer we cannot cope up with the interest of the investors.

The existing performance appraisal practice of the agency is perceived by most of the respondents it is not job related. The existing practice has created dissatisfaction on the parts of employees. Therefore, it is important to motivate employees by improving the performance appraisal practice of the agency and needs to let the employees participate in decision making and planning. To do so, the student researcher strongly believes that appraisers and ratees plan together what should be changed and more productive for the agency. On the other hand the agency's management should take into consideration that the employees feeling in relation to satisfaction, need and wants.

Besides these, a different and separate measurement criterion should be developed for various types of jobs.

Financial and non financial rewarding system should be integrated with the performance appraisal practice.

High performing groups should be separated from low performing group and high performing should be rewarded to develop positive spirit of competition among employees.

Finally the management should encourage both the ratter and ratee to develop an open discussion to avoid fear of employees.

Apprentice

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The purpose of this questionnaire is to gather information and opinion to support a study of an assessment of employee's Performance Appraisal Practice in Ethiopian Investment Agency Clerical Staff.

Thus, your frank and sincere response to the items in the questionnaire will help to meet the objective of the study they kept confidential and used only for the academic purpose.

N.B.

- **No need of writing your name.**
- **Where alternative answers are given please mark your answer using an 'X' in the corresponding boxes.**
- **Please be as brief as possible answering the open ended questions.**

Thank you in advance for your cooperation.

Part I. Personal Data

1. Sex

a) Male <input type="checkbox"/>	b) Female <input type="checkbox"/>
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2. Age

a) 25 years or below <input type="checkbox"/>	d) 41 – 50 years <input type="checkbox"/>
b) 26 – 30 years <input type="checkbox"/>	e) Above 50 years <input type="checkbox"/>
c) 31 – 40 years <input type="checkbox"/>	
3. Education qualification

a) High School certificate & below <input type="checkbox"/>
b) College diploma <input type="checkbox"/>
c) Bachelors Degree/ First Degree <input type="checkbox"/>
d) Masters/Second Degree <input type="checkbox"/>
4. Your work unit/department/section, other specify _____

5. What is your current position in the Ethiopian Investment Agency _____
6. How many years of experience do you have in Ethiopian Investment Agency?
- a) 5 years or below c) 11 - 20 years
 b) 6 – 10 years d) above 20 years
7. Your position regarding performance appraisal within the Ethiopian Investment Agency
- a) Appraisee c) Both
 b) Appraiser d) Others

Part II. General Data

1. Is there performance appraisal policy in Ethiopian Investment Agency?
- a) Yes b) No
2. If the answer is yes for question no.1 how do you rate the contents in the policy?
- a) very good d) poor
 b) good e)very poor
 c) Neutral
3. The factors used to measure your performance focus on the most important aspects of your job?
- a) Strongly agree d)Disagree
 b) Agree e) Strongly disagree
 c) Neutral
4. The factors mentioned in the performance appraisals, do you agree that they objectively measure your performance?
- a) Strongly agree d) Disagree
 b) Agree e) Strongly disagree
 c) Neutral
5. Which factors do you think do not measure your performance? (Show your answer by putting an 'X' mark in front of the points)

S.N	Factors	Response	S.N	Factor	Response
1	Knowledge of the job		8	Adaptability	
2	Quality of the job efficiency		9	Communication	
3	Duty consciousness		10	Effort to improve one self	
4	Personal Integrity		11	Maturity/self discipline	
5	Responsibility/Dependability		12	Punctuality and attendance	
6	Cooperation		13	Health	
7	Relationship		14	Personality	

6. How do you rate your level of satisfaction with regard to the performance appraisal practice?
- a) Very High d) Low
 b) High e) Very low
 c) Moderate

7. If your answer to question no. 6 is Low or very Low what do you think are the drawback of the system? _____

8. Do you think that the employee's performance appraisal result should be used for personnel /human resource activities?
 a) Yes b) No.
9. If your answer to question no.8 is 'yes' suggest the area of importance of the performance appraisal in relation to human resource activities.(More than one response is possible)
 a) For Salary increment d) For improvement of employee performance
 b) For Training e)To measure employee's performance
 c) For Promotion f) Bonus
 g) Others please specify _____

10. Which of the following do you think could be achieved through performance appraisal? (Benefits of performance appraisal) (More than one response is possible)
 a) Better communication
 b) Better relationship between employees management
 c) Better sense of contributing to the achievements of the agency as a whole
 d) Motivate employees to enhance job satisfaction
 e) Others _____

11. What do you think is the cause of poor performance of employees throughout Ethiopian Investment Agency experience?
 a) Absences of sound performance appraisal system
 b) Routine kind of work
 c) Absence of active participation in planning and decision making
 d) Absence of clearly settled objectives and participation on setting them
 e) Poor motivation
 If any, please state _____

12. Do you think that the performance appraisal practice of Ethiopia Investment Agency, is subjective a) yes b) No

