St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

A RESEARCH PAPER ON:

EMPLOYEE PERFORMANCE EVALUATION PRACTICES AND CHALLENGES AT ETHIOPIAN ROAD CONSTRUCTION CORPORATION

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A THESIS SUBMITTED TO St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLEMENT OF THE REQUIREMENTNTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (SPECIALIZATION IN HRM)

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Acknowledgements

Acronyms/Abbreviations

ERCC = Ethiopia Road Construction Corporation

ERA = Ethiopian Roads Authority

MoT =   Ministry of Transport

PE   = Performance Evaluation

HRM = Human Resource Management

SPSS= Statistical Package for Social Science.

SPM= Strategic Plan Management

BSC= Balanced Score Card

MBO =Management by Objective

HRP =Human Resource Planning

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Abstract

This project is designed to assess the employee's performance evaluation practices and challenges at Ethiopian Road Construction Corporation. More specifically, the study had tried to address the methods, processes and procedure employed; the performance evaluation form used, and investigating major challenges related to performance evaluation practice of the corporation. Data were collected through questionnaire and interview. The questionnaire were distributed to 80 randomly chosen respondents who are working in the corporation at Head office, Alemgena Road Maintenance project and Chancho Derba Road Construction Project in which fully100% completed questionnaire were returned in usable fashion. The data collected were analyzed by using both SPSS version20 and strata 11 soft ware's. On the basis of data obtained, the study identified main problems which are related to performance evaluation such as lack of transparency, lack of properly designed form, lack of clarity of performance evaluation criteria and presence of subjectivity. Role ambiguity and frustration among employees, and the unqualified measurement standards used for performance evaluation were other problems identified by the study. The performance evaluation forms employed were not well designed in light of the nature and characteristics of job families. Furthermore, the study has confirmed that supervisors were not recording and documenting the ongoing performance of employees continuously. Their evaluation of the performance of employees has been highly influenced by recent behavioral factors. Based on the findings of the study, conclusions were drawn and possible recommendations have been forwarded.

Key terms: *Employee, Evaluation, Performance*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employee performance Evaluation has been practiced by numerous organizations since centuries. It is one of the most important requirements for successful business and Human Resource policy of the organization. Since, employees are one of the most valuable assets of the organization that can make things happen, the practice of employee performance evaluation is an essential and inseparable part of the organizations' life. Conducting employee performance evaluation helps organizations to reward and promote effective performers and identify ineffective performers for developmental programs or other personnel actions that are essential to the effectiveness of Human Resource Management (Aguinis 2005).

Longenecker and Fink (1999) in their study indicated several reasons that formal performance evaluations are very essential for the existence of an organization. According to them, formal employee performance evaluations are required to justify a wide range of human resource decisions such as pay raises, promotions, demotions, terminations, etc. It is also required to determine employees' training and development need.

Moreover, employee performance evaluation allows the organization to tell the employee something about their rates of their competencies, and their potentials. However, regardless of its explanation, ineffective appraisal system can bring many problems including low morale, decreased employee productivity, a decreasing of an employee's interest and support for the organization (Rafikul Islam and Shuib bin Mohd Rasad, 2005).Evaluating employee performance is a difficult task. Because, the immediate supervisors required understanding the nature of the job, the sources of information, and the information needs to be collected in a systematic way. It is also provided as a feedback, and integrated into organization's performance management process for use in making compensation, job placement, training decisions and assignments. The usefulness of employee performance evaluation as a managerial decision tool depends partly on whether or not the performance appraisal system is able to provide accurate data on employee performance and hence rating accuracy is a critical aspect of the appraisal process.

A difficulty of getting accurate appraisals of employee job behavior is most often attributed to faults in rating format used, deficiencies in appraisal content, rater resistance to judge others, and the implications of the specific purpose of appraisal for the rater and ratees. Therefore, the problems of employee performance evaluation arise when the results of the evaluation fail to reflect the actual performance of the employees, which intern, leads to wrong administrative decisions that can highly affect the life of the employees (Armstrong, 2006).

Recognizing the importance of performance evaluation, the Ethiopian Road Construction Corporation has developed and implemented the performance evaluation system. However, there are some symptoms that indicate dissatisfaction of employees on performance evaluation system employed such as unfriendly work relationship among employees and management, negative rumors, and an increased employee turnover. In this context, this study deals with assessing the performance evaluation practices of the corporation in order to identify major problems and foreword possible solutions for further improvement.

1.2 Organizational Profile

The history of Ethiopian Road Construction Corporation /ERCC/ is a part of the history of Ethiopian Roads Authority /ERA/ and hence can be traced back to the early 1950s. During the 1936-41 Italian occupation, road building in the country has increased significantly though it somewhat stagnated immediately after liberation. Following the eviction of the Italian occupiers, the Imperial Government of Ethiopia was convinced that a road agency solely responsible for restoring and expanding the road network throughout the country had to be established.

In line with the government's market-led policy and in view of building the local private construction sector, the objective of the authority was confined to develop and administer highways, and to ensure the standard of road construction. ERCC is the outcome of the decentralization and commercialization strategies, which have been implemented for more than a decade, plus the institutional capacity building efforts of the Road Sector Development Program. The restructuring of ERA and its split into two distinct and independent bodies, the Regulatory (as ERA) and the Operational (ERCC) is also recommended by the business process reengineering study of the Authority.

As a result, the Ethiopian Road Construction Corporation has been established by the Council of Ministers Regulation No. 248/2011 with the main objectives to function on a profit basis, like any state enterprise, bidding for road project contracts against both local and international construction companies and plays a cost reducing and a pace maker role in the industry.

With its current set up, ERCC has head office and well established equipment maintenance center in Addis Ababa. Besides to this; it has 10 road maintenance projects and 5 road construction projects, which are strategically located all over the country (ERCC Magazine, March, 2012).

1.3 Statement of the Problem

Employee's performance evaluation practices play a significant role in the attainment of organizational objectives and goals by assigning and coordinating tasks, peoples and other resources. However, designing and implementing of inappropriate employee performance evaluation practices was an obstacle to an intended goal achievement of the organization. Organizations that are not considering challenges that affect the effectiveness of the organizational performance failed and find it difficult to continue smooth operation of the business to achieve their goals.

ERCC has performance evaluation practice, which is intended to foster for the achievement of its goals. However, the information acquired from the supervisors and employees of the corporation shows that the performance evaluation practices have different problems. The level of employee participation and involvement in the performance planning process is very low. Employees and some supervisors do not properly know the mission and strategic goals of the corporation clearly. They also do not have clearly cascaded organizational goals into team and individual levels day to day performance plan. As (Grote, 2002) point out, performance evaluation processes are functioning properly is to tighten the link between strategic business goals and day-to-day actions. Effective goal setting including timelines, combined with a method to track progress and identify obstacles, contributes to success and bottom line results. Regularly tracking progress against performance goals and objectives also provides the opportunity to recognize and reward employees for performance and exceptional effort, contributing to job satisfaction and productivity.

Employees want to feel successful, to do well at their job and feel they are making a valuable contribution. In order to ensure this happens, employees need a clear understanding of individual goals and how they fit into the larger organization. Clear visibility, regular individual analysis, and company-wide employee appraisals help to identify corporate competencies and skill gaps. With this valuable data in hand, the corporation can identify training and development needs.

According to the information acquired from ERCC staffs, performance evaluation is made without clear and ongoing discussion upon job expectations and key areas of contribution of the employees. Necessary information for the evaluation is not properly collected and documented in a continuous basis. The evaluation is made by only the supervisor. Because of this practice, there are frequent challenges and disputes raised from the employees' side. Employees are claiming that there should at least be an opportunity in which employees' self-evaluation and peers evaluation can be incorporated.

The form used for evaluation is not including key job responsibilities, current project work, relevant competencies, goals and achievements. Previously completed performance evaluations are not used as reference documents. Theoretically, throughout the performance cycle, supervisors are expected to provide employees with feedback on their work performance to initiate corrective action, and/or to revise expectations as needed. In practice, there is no ongoing follow-up for employees' performance as well as feedback provisions.

Due to lack of a well-organized employee performance evaluation system, supervisors keep on making different rating scale errors. As it is indicated in ERCC's 2005 E.C annual performance evaluation report, 85.2% of head office employees' performance result was rated as 90% and above which can be concluded as supervisors' leniency rating scale error. While 13% of the employees' performance result rated as 80% and above which is related to central tendency rating scale error. In general, the management of the corporation is intended to introduce the balanced score card performance management tool in order to improve the performance evaluation problems of the existing system. But, the study of the BSC has taken long time and not yet finalized and implemented.

The corporation is currently using the existing performance evaluation system with all its shortcomings. Therefore, the main intention of this study is to examine the existing employee performance evaluation practice of the corporation, identifying related challenges and to foreword possible solution for improving employees' performance in support of the corporation goals to be achieved.

1.4 Research Questions

Based on the statement of the problem, the study intended to answer the following major research questions:

1. What are the process, methods and procedures involved in employees' performance evaluation practice of the corporation?
2. How qualified are the supervisors who conduct employee performance evaluation?

3. What are the main parameters/factors involved in employee performance evaluation at the corporation?
4. What are the major performance evaluation challenges in the corporation?

1.5 Objectives of the Study

The general objective of the study was to examine the performance evaluation practices and challenges and to identify the problems related to it. Based on the general objective stated above, the following were specific objectives of the study.

- To investigate the process, methods and procedures of employees' performance evaluation practice in the corporation,
- To explore the performance evaluation practice of the supervisors.
- To examine the performance evaluation parameters/factors the corporation.
- To discover major challenges of employee' performance evaluation practices in the Corporation, and
- To forward possible solutions to overcome the identified problems of performance evaluation practices in the corporation.

1.6 Significance of the Study

An effective performance evaluation practices has high contribution to the organizational goal achievement. To design and implement an appropriate employee performance evaluation system, major challenges that can occur in its practice should be identified within a specific situation. Conducting a parameters/factors study on the employee performance evaluation practices and challenges has much importance in selecting the effective performance evaluation, particularly in the context of ERCC.

In addition, the researcher believes that the result of the study will be useful for the following:

- It helps to gain knowledge about the performance evaluation and its related challenges.
- It can provide some inputs for the corporation in its attempt to improve performance evaluation practices across its various departments/processes.
- It can also be used as a sort of documentary evidence (or as a stepping stone) for other advanced research works in the field under consideration.

1.7 Scope/Delimitations of the Study

Ethiopian Road Construction Corporation has ten divisions, five road construction and ten road maintenance projects which operate all over the country. Due to its number of branches and geographical dispersion, the study is delimited to the ten divisions found at head office, one road construction project, and one road maintenance project. There were also external (Uncontrollable) variables that discourage the smooth implementation of the research. For instance, lack of cooperation of the respondents and their commitment to complete filling the questionnaires, lack of sufficient time by the researcher and lack of interviewees' cooperation to give their time to provide the researcher with the relevant information .In addition, lack of relevant and up to date literature can be also the major constraint during the study.

1.8 Operational Definitions of Key Terms

Objectives: The general intended outcomes to be achieved through action or activities.

Quantitative measures: These measures that indicate "how much" or "how many"; (mostly through statistical data analysis)

Qualitative measures: They are measures used to indicate "how well". (mainly through non-statistical data approach)

*Performance***:** The act of performing; of doing something successfully, and using knowledge as distinguished from merely possessing it. A performance comprises an event in which generally one group of people (the performer or performers) behaves in a particular way for another group of people.

*Performance Evaluation***:** is the activity used to determine the extent to which employee perform work effectively.

*Performance Appraisal***:** are the systematic assessments of an employee in terms of the performance aptitude and other qualities which are necessary for successfully carrying out the job.

1.9 Organization of the Paper

This research is organized into five chapters. Chapter one contains background of the study, statement of the problem, basic research questions, objectives of the study, definition of key terms, significance of the study, and scope of the study. The second chapter deals with the review of the related literature which will provide information to the reader of what is already known in this area of study. Chapter three focuses on the research methodology employed, research design, sample size and sampling technique, data source and instrument of data collection method, procedure of data collection and method of data analysis. Whereas the forth chapter presents the result analysis and discussion of data. Finally, conclusions and recommendations will be presented under fifth chapter.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

This chapter will serve as the foundation for the development of the study. Therefore, the primary purpose of this chapter is to get the theoretical and empirical understanding of the performance evaluation and its problems. More specifically, it focuses on definitions and concepts, theoretical framework, objectives, importance, principles, steps, methods, challenges, and empirical studies of performance evaluation practices.

2.1 Concepts of Performance Evaluation

Before defining performance evaluation one has to know what performance management is, therefore, performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Performance management is concerned with aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies (Armstrong 2004).

Performance evaluation is the systematic evaluation of the individual with respect to his / her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organizations, and society all benefit .From this definition one can see that the objective of performance evaluation is not only designed to check past performance(i.e. controlling) but also predicts the promotion potential of the candidate in the future(i.e. Development and coaching).

Furthermore, the system is structured to measure and evaluate employee's job related behaviors and outcomes and this is an answer to the question "what to measure" (Armstrong 2004).

This largely determines what methods to use to measure these behaviors and outcomes. But one of the weaknesses of the above definition is that it does not tell us the frequency of performance evaluation which determines the frequency of the feedback given to the employees (Aswathappa, 2005).

Only some minor activities in personnel management are concerned with evaluating individual employees. These activities are not only related to primary selection and appraisal but also to grievance and disciplinary matters. In all other cases, the focus of attention is not only on an individual but also on the job, structure, procedure and people in group. Thus, for example, job evaluation focuses on jobs not on the job holders; job design and organization development focuses on job/task structure, wage and salary administration focuses procedures while, man power planning and collective bargaining focuses on people in group (G.A, 1986).

Performance evaluation (PE) helps to measure employees contributions to their organization. Although helping other improve their performance is one of the managers most important tasks, most managers freely admit performance evaluation and improvement coaching given them to difficulty and it is even harder to convey that judgment to the employee in a constructive and painless manner and to translate feedback on the past performance into future improvement .Performance appraisal or evaluation is the activity used to determine the extent to which an employee perform work effectively. Other terms for performance evaluation include only on performance review, personnel rating, and measuring performance appraisal. Employee appraisal and employee evaluation (James, 1998).To appraise a subordinate and his performance is part of manager's job. Indeed, unless he does the appraising himself he cannot adequately discharge his responsibility for assisting and teaching his subordinates (Drucker, 1954).

The real concept of performance evaluation is associated with an approach to create a shared vision of purpose and aim of organization, to help each employee understand and recognize their part in contributing to them and enhance the performance of both individuals and organization (Fletcher, 1993).

2.2 Theoretical Framework of Performance Evaluation

Performance appraisal has evolved over the years and in so doing there have been many changes since its development many years ago. For example, today, there is a growing popularity of modern organizations using 360-degree appraisal. But it remains a mystery whether the practices in the construction industry are still very traditional or have they moved on into the fore. Similarly, is appraisal an effective and efficient management tool for improving individual and organization performance? These reviews will help to provide an understanding of the study during the data analysis and interpretation stage.

Appraising performance is the act of observing and evaluating an employee's work behavior and accomplishments, with the purpose of measuring real performance against expected performance. Such analysis aids in controlling, motivating, developing and decision-making. With such benefits, organizations can control marginal performance, reduce losses from ineffective performance and make more efficient use of personnel. Individual, at the same time can realize rewards for effective performance and have a clear understanding of their career development (Neal, 1991).

On the other hand, from the employees' standpoint, "Getting the best out of its employees" is a basic expression of management's key target. Hence, appraisal may be used as a decision making tool for counseling, disciplinary action, termination or retrenchment. However, on the positive side, performance feedback could generate positive motivation for employees to work more effectively and efficiently. Inevitably, appraisal become necessary, as management needs to make assessments of their subordinates' work.

In the absence of appraisal, decision make may be based on subjective judgment and therefore would be perceived as unfair and not equitable. To summarize, performance appraisal is a continuous process of assessment on how well employees are performing on their jobs in relations to established standards and the communication of that assessment to employees. To a large extent, performance appraisal impact on the employees' needs for security, belonging, self-esteem, self-actualization, motivation and performance. For the organizations, it helps them achieve its mission and objectives by getting the best out of people, reward and retaining the best people on the job.

The employee is engaged to work for the manager who in turn is responsible for meeting the company objectives. This gives the employees direction and incentive and the manager a means of judging the employee's contribution. At the end of the year, the manager and employee discuss the area where the employee has met, exceeded or fallen short of expectations. The completed document would be forwarded to the management for decision on matters such as salary increment, promotion, bonus, etc or into the employee's file for record (Fournies, 1987).

2.3 Objectives of Performance Evaluation

According to Saiyadain (2004), Performance Evaluation has the following major objectives:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide feedback to employees regarding their performance and related status.
5. It serves as a basis for influencing working habits of the employees.
6. To review and retain the promotional and other training programmers.

2.4 Purposes of performance evaluation system

It has long been recognized that performance appraisal plays an important role in organizations. It serves a variety of purposes such as providing the basis for making selection decisions, determining salary increases, and providing a vehicle for feedback between the supervisor and employees and can be used a powerful tool for managerial control

According to (Michael Beer, 1987) performance evaluation data are important to make decisions and to justify them for their objectivity, equity, and fairness. The personnel department also requires data on employee performance and potential to determine how many employees will be available to fill future openings assuming a certain turnover, retirement, and growth rate, and to help the line managers decide who will be promoted. Centrally maintained records are the means by which the corporation attempts to remove favoritism, subjectivity, and politics from personnel decisions. Evaluation is also needed to improve the performance and potential of employees.

There is no question that the role of a manager is changing rapidly in the world market place and this for systematic management development efforts at the organizational level (Clinton O. Longenecker, 1997). So, many other scholars argued that performance evaluation is to be effective device for: administering a formal organizational reward and punishment system, evaluating the legitimacy of selection test, providing feedback to employees and thereby serves as vehicles for personal and career development; establishing objectives for training programs and diagnosing organizational problems.

As indicated by Ivancevich, (1989) in the case for using formal evaluation mentioned that a well-designed formal evaluation potentially can serve development, motivation, Human Resource and employment planning, communication, legal compliance, and Human resource management research. However, such confirmative arguments with regard to performance appraisal are frequently based on conditional statement, such as; "If the performance evaluation system has been well-designed and conscientiously implemented . . ."; "If performance evaluation process is an honest, open one . . .", "If used well, performance evaluation is the most powerful instrument . . ." What then if the Performance evaluation system is not so ethically right and practically effective as theoretically desired? Negative reviews have related the destructive consequences a defective Performance evaluation system can bring to the organization.

In a more comprehensive way, Michael Beer (1987) described the two major goals of performance evaluation as follows: Organization and individual employees. He argued that both individual and organizational goals are not always compatible and results in conflict of interest in performance appraisals. As a result it brought up a mixed blessing to both the supervisor and the subordinates.

From the perspectives of the organization, Performance appraisals serve two basic goals: Evaluation and coaching and development goals. The evaluation goals are primarily designed to give feedback to subordinates so they know where they stand, to develop valid data for pay(salary and bonus) and promotion decisions and to provide a means of communicating these decisions, and to help the manager in making discharge and retention decisions and to provide a means of warning subordinates about unsatisfactory performance. On the other hand, the coaching and development goals are to be used to council and coach subordinates so that they

will improve their performance and develop future potential, to develop commitment to the larger organizations through discussion of career opportunities and career planning, to motivate subordinates thorough recognition and support, to strengthen supervisor-subordinate relations, and to diagnose individual and organizational problems. The most important point to note at this junction is that these two goals of performance appraisal are in conflict. It leads supervisors to play the role of the judge and the helper at the same time.

On the other hand, like the organization, the individual has conflicting goals in performance evaluation. Individuals want feedback about themselves because it helps them to learn and this can be obtained through performance appraisal interview. On the other hand, employees have the desire for self-development. There are obvious conflicts between individuals' desire for personal development and their wishes for rewards and feedback consistent with their self-image. Self-development requires openness to feedback and real receptivity to alternative approaches to the job. It requires subordinates to drop their defense and consider accepting the manager's view of their performance taking an exploratory attitude about their performance and what might be done about it.

From this we can see that the evaluation and development goals of organizations force the managers to use performance appraisals in two quite contradictory ways. Similarly, individuals have conflicting objectives as they approach the performance evaluation. The most significant conflict, however, is between the individual and the organization.

2.5 Methods of Performance Evaluation

Although there are numerous performance evaluation methods, the following eleven are considered to be the major ones and they are described as follows:

➢ **Critical incident method: -**This format of performance evaluation is a method which is involved identifying and describing specific incidents where employees did something really well or that needs improving during their *performance* period.

Weighted checklist method: -In this style, performance evaluation is made under a method where the jobs being evaluated based on descriptive statements about effective and ineffective behavior *on jobs*.

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- **Paired comparison analysis**: - This form of performance appraisal/evaluation is a good way to make full use of the methods of options. There will be a list of relevant options. Each option is in comparison with the others in the list. The results will be calculated and then such option with highest score will be mostly chosen.

- **Graphic rating scales**: - This format is considered the oldest and most popular method to assess the employee's performance evaluation. In this style of performance evaluation, the management just simply does checks on the performance levels of their staff.

- **Essay Evaluation method: -** In this style of performance appraisal or evaluation, managers/ supervisors are required to figure out the strong and weak points of staff's *behaviors*. Essay evaluation method is a non-quantitative technique. It is often mixed with the method the graphic rating scale.

- **Behaviorally anchored rating scales**: - This formatted performance evaluation is based on making rates on behaviors or sets of indicators to determine the effectiveness or ineffectiveness of *working* performance. *The form* is a mix of the rating scale and critical incident techniques to assess performance of the staff.

- **Performance ranking method**: The performance appraisal/evaluation of ranking is used to assess *the working* performance of employees from the highest to lowest levels. Managers will make comparisons of an employee with the others, instead of making comparison of each employee with some certain standards

- **Management by objectives (MBO) method**: MBO is a method of performance appraisal/evaluation in which managers or employers set a list of objectives and make assessments on their performance on a regular basis, and finally make rewards based on the results achieved. This method mostly cares about the results achieved (goals) but not to the way how employees can fulfill them.

- **360 degree performance appraisal /Evaluation:** 360-degree Feedback is a process in which employees receive confidential, anonymous feedback from the people who work around them. It gives a multi-dimensional picture about the performance of an employee from their mangers, supervisors, team leaders, colleagues and external and internal customers. The process works through questionnaires, which are confidential; the individual receives a summary of aggregated results**.**

- **Forced ranking** (**forced distribution**)**:** In this style of performance appraisal or evaluation, employees are ranked in terms of forced allocations. For instance, it is vital role that the proportions be shared in the way that 10 or 20 % will be the highest levels of performances, while 70 or 80% will be in the middle level and the rest will be in the lowest one.

- **Behavioral Observation Scales**: The method based on the scales of observation on behaviors is the one in which important tasks that workers have performed during their working time will be assessed on a regular basis (Robbins & Mary, 2001).

2.6 Performance Evaluation process

The performance appraisal process is one of the human resource activities in government and private organizations of Ethiopia. The performance evaluation purpose is to enable employees: (a) effectively discharge their duties in accordance with the expected level quality standard time; (b)-identify their strengths and weaknesses: (c) improve their "future performances and develop self-initiative. (2) Performance evaluation shall be transparent and shall be carried out with the collective participation of-civil servants working together. (3) Performance evaluation shall be carried out in accordance with, directives issued.

2.7 Approaches of Performance Evaluation

Numerous techniques for measuring performance have been developed over the years. According to Gomez-Mejia, (2001), Techniques of measuring performance of employees involve wide array of appraisal formats from which to choose. Here we discuss the formats that are most common legally defensible. These formats can be classified in two ways: (1) the type of judgment that is required (relative or absolute), and (2) the focus of the measure (trait, behavior, or outcome). PE roots in the early 20th century and its existence consists of different approaches in its history. The three approaches that deal with PE are presented below (Henenman, 1996) .

- **The traditional trait rating scale approach**: involves rating an individual's personal traits or characteristics. Commonly assessed traits are: initiation, decisiveness and dependability. Although the trait approach is widely used by managers and it is generally considered by experts to be the weakest. It contains different method during application.

➢ **Behaviorally anchored rating scale approach: is done on job –by-job basis.** The steps in developing a behavioral anchored rating scale are both time consuming and rigorous. It contains different method, during application.

➢ **Management by objectives approach**: focuses on the product of one's efforts. It is the most common format for the results approach. Also, it contains different methods during application (Henenman, 1996).

2.8 Effectiveness of PE systems

To meet the vision, mission, objective, goals and targets of an organization or an institution, everyone should set clear and precise methods of PE system objectivity. If so, effective output of PE system leads an organization to prosper specially, in the environment where formal learning and other similar activities are held. As a result of, every employee's awareness leads to set and control how to implement effective PE system discusses that an effective PE system has about five main characteristics.

❖ **Validity**: Comes from capturing multiple dimensions of person" job performance.

❖ **Reliability:** comes from capturing evaluation from multiple sources and at different times over the course of the evaluation period.

❖ **Responsiveness:** allows the person being evaluated some input in to the final outcome.

❖ **Flexibility**: it opens to modification based on new information such as federal requirements.

❖ **Equitableness:** results in fair evaluations against established performance criteria, regardless of individual differences.

Again clear and very important statements, about the effectiveness of PE system are expressed by (Mathis and Jackson 1997) as follows. An understanding what an appraisal is supposed to do is very critical whichever of the method is used. It usually works if PE is used to develop employees as a source. When management uses appraisal as a punishment or when raters fail to understand its limitations is fails.

What and whichever the appraisal method is used, the main point is that managers and employees must understand the purposes of PA system. So, consistent with the strategic mission of the organization, useful as an administrative tool, legal as development tool, as documentation

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of employees" performance are points of chances to be obtained if and only if PE is practiced properly.

2.9 Time to Conduct Performance Evaluation

In any administration activity of an organization, PE also has its own time to be conducted. Everyone in the organization has his/her own time to conduct PE depending on their own philosophy of time period

With the majority of schemes, staff receives an annual appraisal and for many organizations this may be sufficient. Also more frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard. And also Mathis and Jackson (1997) broadly explained as follows:

First an informal evaluation is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by on-the-sport examination of a particular piece of work. Informal evaluation is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

Second, a systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important.

Therefore, systematic appraisals typically are conducted once or twice a year. Appraisals most often are conducted once a year, usually near the employee's anniversary date.

For new employees, an appraisal for 90 days after employment, again at six months, and annually these after is common timing. This regular time interval is a feature of formal appraisals and distinguishes them from informal appraisals.

Both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable.

2.10 Responsible Body to Conduct PE

PE is the most significant activity of an organization. If the right persons are not assigned to process PE activities, then the strategic objectives of organization is seriously affected. Tosi, Rossi and Carroll (1986) said (wrote) as follows: "Performance evaluation by one"s superior, groups of management at higher levels subordinated or peers. It has been department and for certain purposes, self-ratings are used." Additionally, Mathis and Jackson, (1997), also wrote as follows:

Again performance appraisal can be done by any one of familiar with the performance of individual employees. Possibilities are including the following.

> ➢ Supervisors who rate their employees
> ➢ Employee who rate their supervisors
> ➢ Team members who rate each other
> ➢ Outsider sources
> ➢ Employee self-appraisals
> ➢ Multi-score (360) degree appraisal

2.11 Performance Appraisal Criteria

According to Armstrong (2009), the criteria for reviewing performance should be balanced between: achievements in relation to objectives; the level of knowledge and skills possessed and applied (competences or technical competencies); behavior in the job as it affects performance (competencies); the degree to which behavior upholds the core values of the organization; day-to-day effectiveness. As Mathis and Jackson (1997,) stressed, performance criteria are standards commonly used for testing or measuring performances.

Criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based.

❖ **Trait based criterion**: identifies a subjective Character trait such as "pleasant personality", "initiative," or "creativity and has little to do with the specific job. Such traits tend to be ambiguous, and courts have held that evaluation based on traits such as "adaptability" and general demeanor" are two vague to use as the basis for performance-based HR-decisions.

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❖ **Behavior-based criterion**: focus on specific behaviors that lead to job success.

❖ **Results-based criterion**: look at what the employee has done or accomplished. For some jobs where measurement is easy and appropriate, a results-based approach works very well.

Generally, criteria are relevant when they measure employees on the most important aspects of their jobs. But there are also problems with these criteria. Mathis and Jackson (1997) again said, jobs usually include many duties and tasks, and so measuring performance usually requires more than one dimension. If the performance criteria leave out some important job duties, they are deficient. If some irrelevant criteria are included in the criteria, the criteria are said to be contaminated. Managers use deficient or contaminated criteria for measuring performance much more than they should.

Figure 2.1 Model of Performance Evaluation Process

Source: http://www.slideshare.net
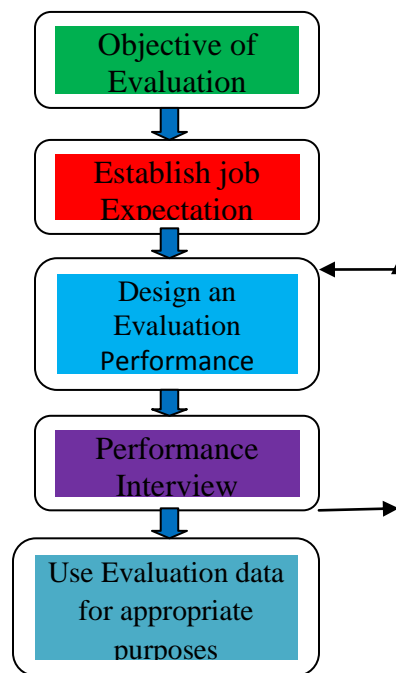
Objectives of Performance Evaluation: data relating to performance evaluation of employees are recorded, stored and used for seven purposes. The main purposes of employee assessment are: To effect promotions based on competence and performance, to confirm the services of probationary employees upon their completing the probationary period satisfactorily; To assess the training and development needs of employees, to decide upon a pay raise where regular pay scales have not been fixed, to let the employees know where they stand insofar as their performance is concerned and to assist them with constructive criticism and guidance for the purpose of their development, to improve communication.

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Performance evaluation provides a format for dialogue between the superior and the subordinate, and improves understanding of personal goals and concerns, finally, performance evaluation can be used to determine whether HR programmers such a selection, training, and transfers have been effective or not. Broadly, performance evaluation serves four objectives- developmental uses, administrative uses/decisions, organizational maintenance/objectives, and documentation purposes.

How can performance evaluation contribute to a competitive advantage? Effective evaluation system can contribute to competitive advantage an organization by improving employee job performance in two ways: by directing employee behavior towards organizational goals, and by monitoring that behavior to ensure that the goals are met. Making correct decisions as stated above, evaluation is a critical input in making decisions on such issues as pay raise, promotion, transfer, training, discharges and completion of probationary periods. Right decision on each of these can contribute to competitive strength of an organization.

Establish Job Expectations: The second step in the performance evaluation process is establishing job expectations. This includes informing the employee what is expected of him or her on the job. Normally, a discussion is held with his or her superior to review the major duties contained in the job place of formal performance evaluation.

Design evaluation Program: Designing an evaluation program poses several questions which we need to answer. They are: -

1. Formals versus informal evaluation?
2. Whose performance is to be assessed?
3. Who are the raters?
4. What problems are encountered?
5. How to solve the problems?
6. What should be evaluated?
7. When to evaluate?
8. What methods of evaluation are to be used?

Performance Interview: Performance interview is another step in the evaluation process. Once evaluation has been made of employees, the raters should discuss and review the performance with the ratees, so that they will receive feedback about where they stand in the eyes of superior. Feedback is necessary to effect improvement in performance, especially when it is inadequate. Performance interview has three specific goals:

(i)   To change behavior of employees whose performance does not meet organizational requirements or their own personal goals;

(ii) To maintain the behavior of employees who perform in an acceptable manner; and

(iii) To recognize superior performance behaviors so that they will be continued.

Raters offer feedback to the ratees through several methods-tell and sell, tell and listen, problem solving and mixed. In tell and sell, also called directive interview, the interviewer let assesses know how well they are doing and sells them on the merits of setting specific goals for improvement, if needed. The tell and listen interview provides the subordinates with chances to participate and establish a dialogue with their superiors. Its purpose is to communicate the rater's perceptions about the rate's strength and weaknesses and let the subordinates respond to these perceptions. In the problem solving or participative interview, an active and open dialogue is established between the superior and the subordinate. Not only are perceptions shared, but also solutions to problems are presented, discussed, and sought. Mixed interview is a combination of tell and sell and problem solving interviews. Whatever is the approach followed, the emphasis in the interview should be on counseling and development and not on criticism, witch-hunting and buck passing. Because of the significance of evaluation interview, every effort must be made to make it. Guidelines for Effective evaluation Interview:

Select a good time; Minimize interruptions; Welcome, set at ease ; Start with something positive ;Ask open ended questions to encourage discussion; Listen; Manage eye contact and body language; Be specific; Rate behavior, not personality; Layout development plan; Encourage subordinate participation; Complete form; Set mutually agreeable goals for improvement; End in a positive, encouraging note; Set time for any follow-up meetings.

Use of evaluation Data: The final step in the evaluation process is the use of evaluation data. The data and information generated through performance evaluation must be used by the HR

department. It may be recollected that the most significant rewards employers offer to employees are; Money to purchase goods and services required not only for current and future survival, but also for the luxuries modern life has to offer; the opportunity to use innate and learned skills and talents in a productive manner that the individual and his or her managers and co-workers recognize as valuable; opportunities to interact with other people in a favorable working environment; opportunities to learn, grow, and make full use of their potential; a sense of performance and stability through the continuing existence of the organization and the job; the opportunity to perform work assignments within an environment that not only protects but promotes physiological, emotional and psychological health.

In one way or another, data and information outputs of a performance-evaluation program can critically influence these coveted employer-employee reward opportunities. Specifically, the data and information will be useful in the following areas of HRM: remuneration administration, validation of selection programmes, employee training and development programmes, promotion, transfer and lay-off decisions, grievance and discipline programmes, and HR planning *(http:// www slideshare.net).*

2.12 Problems of Performance Evaluation process

Organizations try to carry out employees' performance rating process reduce personal biases, prejudices, nepotism, and any other insufficiency through the process of measuring actual performance result. Before employees are evaluated, their supervisor must cascade their subordinates expected activities and goals against a clear standard. During the action plan preparation, employees must participate and sign the performance agreement with their

supervisor. But there are a number of potential problems that can take into each evaluation process (Robbins, 2002). The major challenges that affect the evaluation process and the actual result are problems related to evaluation criteria, performance standard and goals in performance agreement. Some common problems that occur in performance evaluation process are the following:

➢ **Lack of Alignment**: The first challenge is the lack of alignment due to various organizational processes being created in isolation. The link between Strategy development, budgeting and operational planning is developed by different groups of people with different frameworks

being used. The performance evaluation system lacks of alignment between individual performance, departmental performance and organizational delivery and so all systems default back to financial measurements.

- **Leadership and Management commitment:** The Leadership and Management challenge has a huge impact on integrating and aligning a management system to deliver a comprehensive performance evaluation. The commitment and understanding of leadership and management of the requirements for achieving a workable performance system is critical to performance success. (Karla, 1989).

- **Design challenges:** The performance evaluation system and tools must be designed to address the particular needs of organizations. The design process should involve thorough consultation with major stakeholders and especially with future users of the system. Consultation and interaction are necessary to build trust and relationships with employees and relevant stakeholders.

- **Implementation failure:** The change management aspect of performance evaluation should be managed strategically. The organization's top leadership must drive the change process. Resistance to change should be managed proactively. A communication process should be put in place which will explain the benefits of the performance evaluation system communicate progress with the implementation and reduce uncertainties, fears and anxieties. Managers must be encouraged to engage in careful, systematic and professional planning and implementation of the performance evaluation system. Implementation time frames must be respected.

All documentation and forms must be completed properly and professionally, especially performance agreements and personal development plans.

- **Incompetence:** All those involved in the performance evaluation system must possess appropriate knowledge, attitudes and skills to utilize the system. Major skills like: Development of performance indicators, key results areas, core management competencies and performance agreements, measurement of performance indicators, communication of results and feedback, monitoring and evaluation of the performance management system.

Proactive training and development interventions should be implemented to ensure that the users of the performance evaluation system are continuously developed.

➤ **Lack of rewards:** A reward system that rewards high performance and discourages low and average performance must be put in place. A comprehensive and holistic reward system, which includes various rewards such as financial rewards, public acknowledgments, merit awards, promotions, greater work responsibilities, learning and study opportunities, should be developed and communicated to staff. (Swanepoel et al, 2003).

➤ **Communication challenges:** Communication is one of the most critical success factors of the entire performance evaluation system. Effective communication requires the provision of relevant information, ensures buy-in from the users of the system, reduces fears and anxieties, reduces resistance to change, and generates commitment to the system.

➤ **Inspiration challenges:** The organizations must ensure high levels of staff inspiration. This requires a systematic approach to addressing the challenges of staff inspiration. It requires continuous investment in human resources. Staff motivation should not be left unmanaged.

➤ **Lack of monitoring:** Performance evaluation system implementation must be continuously monitored. Problems must be detected at an early stage to enable prompt corrective action. Monitoring systems must be developed to systematically collect information, analyze and interpret it, and use it for decision-making (Bernthal et al, 2001).

➤ **Managing poor performance:** The management of poor performance is normally a reactive action, but in many cases it is delayed and therefore turns into a discussion that is difficult to make relevant. Another reason poor performance is not managed on time is the lack of valid measurements and the collection of required evidence and measurement data.

➤ **Personal bias:** It is simply a personality-based tendency, either toward or against something. In the case of performance evaluation, bias is toward or against an individual employee. All human beings have biases, but supervisors especially cannot afford to allow their biases to enter into their evaluation of subordinates in the firm. This is very easy to say, but very difficult to do. Biases make the evaluation process subjective rather than objective, and certainly provide the opportunity for a lack of consistency in effect on different groups of employees (Meseret, 2007).

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- ➤ **Stereotyping: -** It is mentally classifying a person into an affinity group, and then identifying the person as having the same assumed characteristics as the group. Though stereotyping is almost always assumed to be negative, there are many incidents of positive stereotypes.

- ➤ **Halo error:** This is the tendency for an evaluator to let the evaluation 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.

- ➤ **Distributional errors**: These errors occur in three forms: severity or strictness, central tendency, and leniency. They are based on a standard normal distribution, or the bell curve that we are all so familiar with. In severity or strictness error, the rating everyone, or nearly everyone, as below average. Central tendency error occurs when rates evaluate everyone under their control as average nobody is either really good or really bad. Finally, leniency error occurs when the rating all others as above average. Leniency error, therefore, is basically a form of grade inflation.

- ➤ **Attribution error**: In simplified terms, attribution is a process where an individual assumes reasons or motivations (such as attitudes, values, or beliefs) for an observed behaviour. (Saiyadain, 1999).

2.13 Empirical Studies in the area of performance evaluation

According to the study made by Fried et al. (1999), from a sample of 148 supervisors from a variety of organizations supported that raters' tendency to deliberately inflate performance evaluation ratings of subordinates is associated with rater negative affectivity(the tendency of the

rater to experience such negative mood states over time and across situations have been. described as being in negative affectivity) and the managers' ability to deliberately inflate ratings, if they desire to do so , may be contingent on certain aspects of the rating context.

The two contextual variables are:

(a) The degree to which supervisors systematically document the work behaviors of rates during the evaluation period, and

(b) The visibility of performance ratings among subordinates.

The data collected from the supervisors in a variety of organizations indicated that the tendency to inflate ratings is associated with high rater negative affectivity, low documentation of subordinates' work behaviors, and high evaluation visibility. From an organizational perspective,

The study implied that the prevalence of deliberate inflation of performance ratings may hinder organization's effort to use performance ratings effectively for development, motivational or administrative purposes. For instance: Supervisors who often inflate performance ratings may develop cynical attitudes towards their managerial position as well as low perceived integrity and work involvement; inconsistency among raters concerning their level of rating inflation may also adversely affect an organization's ability to effectively tie performance ratings to merit raises. This is because rates may become skeptical about the legitimacy of the performance evaluation merit raise link. For example, employees from different departments with similar work experience and qualifications may be rated differently by their supervisors, in part because these supervisors differ on how much they tend to inflate performance ratings on the basis of such variables as documentation of work behaviors and appraisal visibility. This inconsistency in ratings may reduce subordinates' trust and confidence in the procedural and distributive fairness of the performance evaluations system resulting in lower work motivation and performance. (Susan et al., 1995),

As Susan et al indicated in the study, there are characteristics of due process evaluation system in order to settle fairness and justice in the performance evaluation system. Adequate notice-in this context requires organizations to publics , distribute and explain performance standards to employees to discuss how and why such standards must be met and to provide for regularly and timely feedback on performance.

Fair hearing which requires a formal review meeting in which an employee is informed of a tentative evaluation of his/her performance and how it was derived by his or her manager, who should have a familiarity with the employee performance based on sufficiently frequent observation of the individuals work. Employees are permitted to challenge this evaluation and provide their own commentary by conducting and presenting a self-evaluation.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents details of the research design and methodology. It discusses the research technique used in the study and the reasons for selecting such a technique. This includes the research design, sample size and sampling technique, data source and collection method, procedure of data collection, and reliability test.

3.1 Research Design

The research employed descriptive survey method because the study intended to find out how the employees perceived and interpreted the problems they encountered in implementing performance evaluation program. In addition, this method helped the researcher to highlight the problems and major gaps in performance evaluation program of the corporation. Further, it provided an accurate account or characteristics of phenomena and the situation under study, as well as providing data to allow for in-depth probe into the problems affecting the designing and implementation of performance evaluation program in the corporation.

In order to make it suit to the collection of the required information from a larger sample and make the analysis easier, the study was used a quantitative technique by incorporating a qualitative idea into the questionnaire. Among the quantitative techniques, survey method was applied. Thus, data were gathered from sample employees via self-administered close ended and open ended questionnaire. As Zikmund (2000) defined, survey is as a research technique in which information is gathered from a sample of people by the use of a questionnaire.. In this study, the researcher had used a cross-sectional study because data were collected from a cross-section of management staff, professional and semi-professional employees of ERCC in one go.

3.2 Data Sources and Instruments of Data Collection

The study had used both secondary and primary data sources. The secondary data were collected via detailed review of related literature i.e. books, Articles, journals, magazines, bulletins, and the corporation's available documents. The researcher used primary data that was collected via

questionnaire and an interview. As the research was intended to investigate the employee performance evaluation from employees' perspective, a set of questionnaires were distributed to management staff, professional, and semiprofessional employees of the Corporation.

The Likert 5 scale method was preferred in order to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate. The questionnaire statements were developed and evaluated on a 1-5 Likert scale , where '1' indicates strongly disagree with the statement, '2' disagree, '3' neutral, '4' agree and '5' refers to strongly agree with the statement. Besides, interview was conducted with Human Resource Management Division Manager, Project Manager, Project work execution team leader and Project administration team leader assuming that they may have a shortage of time to go through a questionnaire. In addition, Human Resource Development and Performance Management Team Leader, and two senior professional employees were interviewed.

3.3 Sample and Sampling Techniques

In order to ensure fair representation of the targeted population, a proportionate stratified sampling technique was used. However, five officials and two key senior professional employees were selected in purposive sampling for interview in need of getting more relevant and professional information on various issues regarding employee performance evaluation of the corporation.

The sample frame selected for the study was composed of the management staff, professional and semiprofessional employees of the Ethiopian Road Construction Corporation. ERCC has 11 divisions at head office of Addis Ababa, 10 road maintenance and 5 road construction projects in different areas of the country. Due to the working nature of the corporation, the road construction projects are scattered all over the country. The student researcher had intended to collect data from the head office and two major projects' management staff, professional and semi-professional employees. The data that was intended to be collected comprised of 42(52.5%) employees from head office. Also, because of the above mentioned reasons, it was hard for the researcher to have enough time and budget to access all of the corporation's projects. Because of that, one road maintenance project i.e. Alemgena was purposively selected and15 (18.8%) employees had answered the questionnaires and one road construction project i.e. Chancho Derba , the road construction project where the researcher is currently working at, had supplied

23(28.7%) of management staff, professional and semi-professional employees. The respondents were selected randomly based on their list that was taken from human resource management division. The data was collected only from permanent management staff, professional and semi-professional employees. Because, the permanent staff were who can have meaningful understanding about employee performance evaluation practice in the corporation. Furthermore, in order to triangulate data that was collected through questionnaire, it was collected from management staff, professional and semi-professional employees who can be taken as key informants.

In order to determine a sufficient sample size, a proportionate stratified sampling method was applied. Because of the above mentioned obstacles, namely time and budget constraints, the researcher was forced to take the minimum but scientifically accepted number of respondents to go through with the survey conducting. Incidentally, there were 259 employees' at all three selected sites. To be specific, the head office had 136 employees; Alemgena had 49 and Chancho Debra had 74. The distribution number is stated as follows; head office had supplied with 42 respondents whereas Alemgena had given 15 employees and Chancho Derba had provided the left 23. As to the interview, 7 employees were chosen. At Head Office, 2 management professionals; one from performance management and evaluation team and the other, a human resource division head, had gone through the interview. At Chancho Derba road construction project site, three management officials and 2 senior professionals had conducted the interview. All 80 questionnaires had been returned and all seven interviews had been conducted fruitfully. Now the researcher is aware that a 100% response rate is a rare thing to happen. But the reason behind had emanated from two basic factors;

a) The researcher, as previously mentioned, is a member of the corporation under study and has had the close proximity to follow each questionnaire he distributed at Chancho –Derba site.

b). As to the Head Office and Alemgena site, the researcher would like to give the credit to the corporation and specifically to the performance management and evaluation team which took it upon themselves to follow through with the rest of the questionnaires.

I would hereby like to acknowledge the tenacity of my organization and specially the performance management and evaluation team to help me get through with my research.

Table 3.1: Sample frame and proportionate sampling

Place of Work	Population	Samples Size	Sample size %
Head office	136	42	52.5
Alemgena Road Maintenance Project	49	15	18.8
Chancho-Derba Road Construction Project	74	23	28.7
Total	**259**	**80(30.9%)**	**100%**

(**Source:** ERCC Human Resource Division, February, 2014)

3.4 Procedures of Data Collection

The researcher required permission from the corporation and after permission was approved, the questionnaire was distributed to the respondents and their feedback was gathered. As to my research assistants in data collection, at the Head office and Alemgena offices, the members of the performance management and evaluation team had been helping out. At the Chancho Derba project, the researcher, as he himself is working there, had the opportunity to follow up on each and every one of the questionnaire spread out. During the interview, all the interviewees were contacted in a face -to-face interaction and the interview was conducted by the student researcher himself.

3.5 Methods of Data Analysis

The data analysis for this research was descriptive type of data analysis. The student researcher had examined the collected data in order to find constructs, themes and patterns that can be used to describe and explain the phenomenon being studied.Descriptive statistics analysis was applied for the presentation, interpretation and discussion parts on various dimensions of the evaluation system. Frequency tables, charts, tables and percentages was used as appropriate to analyse, interpret, tabulate and present the result of the study.The data gathered through questionnaires were coded, entered into computer and analyzed and presented in the form of charts, diagrams, and tables by using SPSS Statics version 20 and Stata 11software. The results of the interview questions were integrated to the responses of employees through questionnaires and were analyzed accordingly. Finally, conclusions were made based on the results/findings of the study and recommendations were forwarded on the basis of the data analyzed.

3.6 Ethical Consideration

Regarding ethical consideration an attempt was made to ensure all respondents to keep their identity and responses as confidential; so that all the information was given in full confidence. The questionnaire was distributed based on willingness of each respondent. In addition, the purpose of the questionnaire and interview was clearly indicated beforehand within questions. Moreover, face to face discussions were made with open ended questions.

3.7 Reliability of Questionnaire

Alpha (Cronbach's) reliability of scale was used and the Employees performance evaluation practices and challenges reliability scale is .879. This indicates that there is a very high internal consistency.

Table 3.2: Case Processing Summary and Reliability Statistics for pilot-test

Case Processing Summary			
		N	%
Cases	Valid	10	100.0
	Excluded [a]	0	.0
	Total	10	100.0
a. List wise deletion based on all variables in the procedure.			
Reliability Statistics			
		Cronbach's Alpha	N of Items
		.879	33

Source: SPSS -version 20

3.8 Limitations of the Study

As to be expected, there were certain constraints to the study. The major limitations were time and budget since the Corporation under study had its work sites scattered all over Ethiopia

because of its work style. Although non-availability of adequate published and documented data Shortage of relevant and up to date literatures was one of the major constraints during the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYISIS AND INTERPRTATION

This chapter is meant for presenting, analyzing and interpreting the data and findings of the study. It consists of seven sections. The first section presents and describes the relevant respondents' demographic characteristics while the second investigates the process, methods, and procedures involved in employee performance evaluation practice of the Ethiopian Road Construction Corporation (ERCC). The third section explores the qualification of supervisors conducting employee performance evaluation. The fourth and fifth sections investigate the main parameters/factors involved in employee performance evaluation and the major challenges of employee performance evaluation practice in the Corporation.

4.1. Demographic Information of Respondents

The first part of questionnaire consists of the demographic information of participants. This part of questionnaire requested a limited amount of information related to personal and professional demographic characteristics of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent figures. These variables include: number of year's worker worked in the organization, number of years worked on the current position in the organization, work place, age, sex and the highest educational level achieved.

Figure 4.1: Respondents' number and percentage
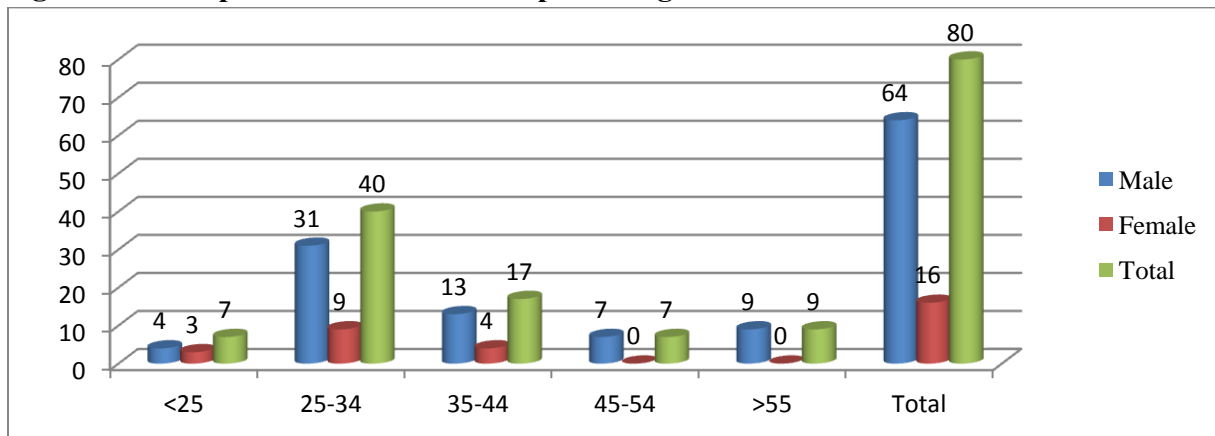
Source: survey data

As shown in the above table, 80% of the respondents were males and the rest 20% were females. This indicates that the number of females is less. Regarding the age 50% of the respondent is grouped in 25-34 years age group. The second largest groups 21.3% indicate that they were in the 35-44 age groups. On the other hand, only a few experienced individuals (8.8%) are in the age group of 45-54 and similarly, (8.8%) were under the age of 25.And also about (11.3%) of the respondents had fallen under age category of more than 55 years (see figure 4.1 above).In general, this implies that half of the respondents are within young age which in which initiates them to stay in and contributes to the corporation in the rest of their work life.

Figure4.2: Respondents' education and work experience
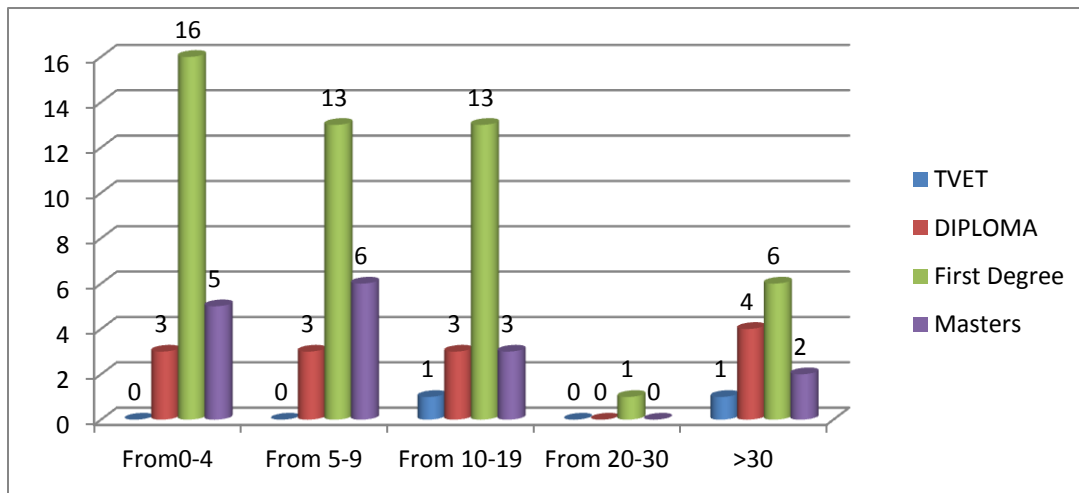
Source: survey data

As we can observe from the figure, the largest group of respondents about 30% had working experience of 0 to 4 years of on the current jobs. Whereas, about 27.5% respondents' working experience were from 5 to 9 years on the current job. And 16.3% of participants have more than 30 years of working experience while 1.3%of the respondents were from 20 to 30 of working experience in the corporation. On the other hand, regarding education wise, about (61.3%) of respondents were degree holder. The remaining (20%), (16.3%) and (2.5%) were with the educational level of master's degree, diploma and TVET, respectively.

This shows that, the staff development initiative to upgrade the education level of employees from BA degree masters not encouraging.

Figure4.3: Respondents' by position
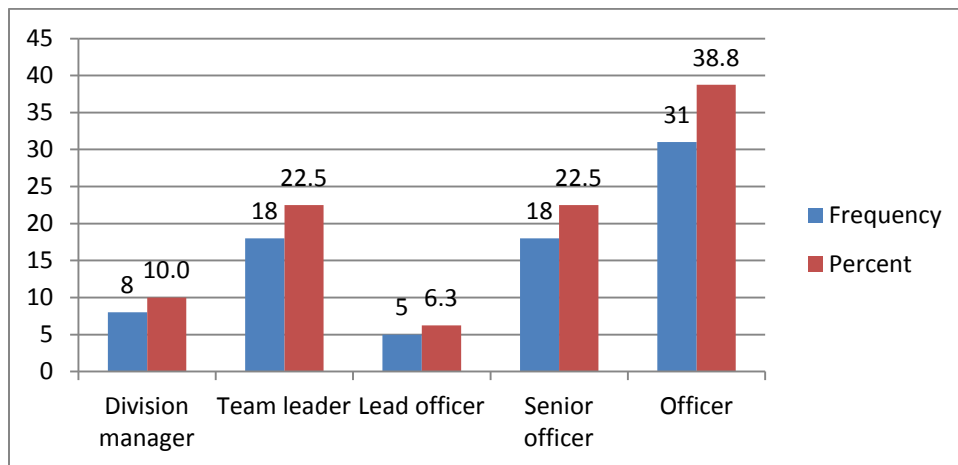
Source: survey data

As indicated in Figure 4.3, (38.8%) of the respondents 'work positions were officers. While team leaders and senior officers accounted for 22.5% equally, the remaining (10%) and (6.3%) of respondents were division managers and lead officers respectively.

Figure 4.4: Respondents' by work place
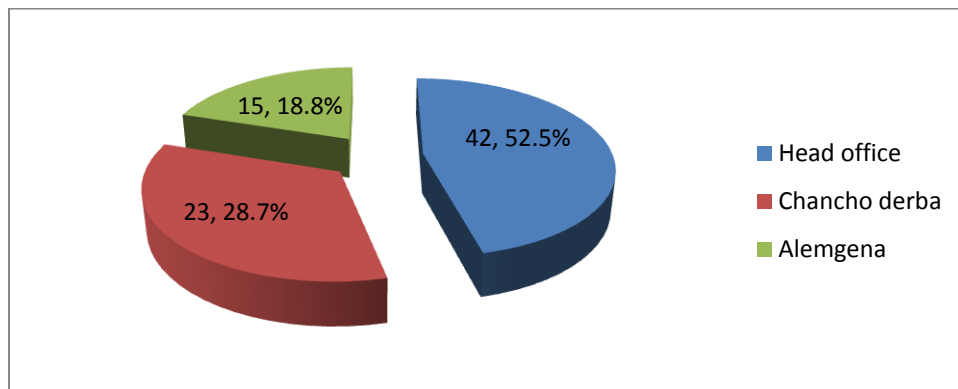
Source: survey data

As it is possible to observe from the above figure (4.4), about 42 (52.5%) of the respondents were from head office and 23 (28.7%) and 15 (18.8%) of the participants from Chancho Derba Road Construction Project and Alemgena Road Maintenance Project of Ethiopian Road Construction Corporation respectively.

4.2 The process, methods and procedures involved in employee performance evaluation practice

The questionnaire was designed by using Likert Scale and almost all of the statements were measured on a five point scale with 1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly Agree. The information obtained from the questionnaires are summarized and discussed in the following manner.

Table 4.1: Utility of performance evaluation (N=80)

Item Code	Questions	Strongly disagree =1		Disagree=2		Neutral=3		Agree =4		Strongly Agree =5	
		No	%	No	%	No	%	No	%	No	%
Q7	Counsel & coach subordinates to improve their performance and develop their future potential	13	16.3	48	60	5	6.3	14	17.5	0	0
Q11	Motivate subordinates through recognition and support	29	36.3	33	41.3	3	3.8	15	18.8	0	0
Q12	Strengthen the relationship between superiors and subordinates	31	38.8	35	43.8	6	7.5	8	10	0	0
Q13	Identify problem both organizational and individual performance	29	36.3	38	47.5	2	2.5	11	13.8	0	0
Q25	Performance evaluation in is designed to strength the relationship between supervisors and employees	27	33.8	33	41.3	7	8.8	13	16.3	0	0

Source: survey data

As can be seen from the above given table, around 48 (60%) of the respondents seem to disagree towards the need for counsel and coaching of subordinates to improve their performance and develop their future potential while another 13(16.3%) of participants are strongly disagreeing with the concept. On the other hand, about 14(17.5%) of respondents agree with the idea and 5 (6.3%) are looking to have a neutral coloring to the idea. As to the question of whether the results of performance evaluation is used as an input for motivating workers and to provide them

with recognition and support about 33(41.3%) of respondent are disagree with the statement. Whereas, 29 (36.3%) of the participants strongly disagree with the statement and 3 (3.8%) of them are neutral with the idea. On the contrary, majority of respondents 35 (43.8%) disagree and about 31 (38.8%) strongly disagree with the idea that information generated through performance evaluation strengthens the relationship between supervisors and subordinates. While about 8(10%) of respondents agree with the idea, 6 (7.5%) of participants were neutral with the statements.

They further have analyzed that rather than strengthening the relationship it leads to controversies and contradictions. About 38 (47.5%) of respondents disagree and 29 (36.3%) strongly disagree with the issue that states that performance evaluation is aimed to identify both organizational and individual problems based on performance results. While 11(13.8%) of participants agree with the idea and 2 (2.5%) respondents became neutral. Moreover, the majority of participants 33 (41.3%) do not agree with the statements performance evaluation is designed to strength the relationship between supervisors and employees. While 27 (33.8%) of the respondent strongly disagree with the statements, about 13 (16.3%) of participant agree with the idea. And 7 (8.8%) of respondent became neutral.

Among the problems of performance evaluation, one is related to the forms and procedures that make up the performance evaluation system .The form used to record the performance evaluation of employees is blamed of being bulky and not customized. Moreover, employees seem to have not participated in the process of preparation of the form. In this regard, employees' perception towards the performance evaluation forms used by the corporation were gathered and presented in the subsequent table as shown below.

Table.4.2: Employees' perception towards the forms of performance evaluation   (N=80)

Item Code	Questions	Strongly Disagree =1		Disagree =2		Neutral= 3		Agree =4		Strongly Agree =5	
		No	%	No	%	No	%	No	%	No	%
Q4	Opportunity to participation the design of the form	26	32.5	38	47.5	6	5.7	10	12.5	0	0
Q5	Capable of distinguishing effective performer former from in effective performer	15	18.8	46	57.5	7	8.8	12	15	0	0
Q6	The form is customized based on the Characteristics of the job	12	15	54	67.5	5	6.3	9	11.3	0	0

Source: survey data

The above table indicates that majority of respondents 38 (47.5%) disagree with the statements that 'I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance'. While, 26(32.5%) of respondent strongly disagree with the statements, 10(12.5%) agree with idea and only few of respondents 6(7.5%) neutral with the statements .This implies that the design of the evaluation form and its contents is left to the Human resource professional of the Corporation and it does not encourage participation of the employee in the design of the form.

Moreover, about 46(57.5%) of respondents disagree and 15(18.8%) strongly disagree with the statements that says 'the performance evaluation form currently used to evaluate the performance of employees is capable of distinguishing effective performers from ineffective performers' and about 12(15%) of respondents agree with the statements. And about 7(8.8%) of participant became neutral. Therefore, if the form is not differentiating effective performance from ineffective performance, the performance evaluation process may be perceived as unchangeable process among the employees of the organization and as result employees may perceive that the result of the evaluation does not reflect their actual performance.

Furthermore, about 54(67.5%) of the respondents disagree with the statement 'The performance evaluation form used to evaluate my performance customized based on the characteristics of my job'. While, about 12(15%) of respondents strongly disagree.

This implies that regardless of the nature and characteristics of the job, the evaluation form used

in the corporation in a homogeneous across managerial position and it also similar for all employees and supervisor positions. Such system of evaluation does not take into account the difference in the nature and characteristics of the job are required. On the other hand, about 9(11.3%) of the respondents agree with the statement while about 5(6.3%) became neutral with the statement.

The analysis shows that employees perceived that there is a problem in the evaluation form used by the corporation. They argued that the evaluation form being used by the corporation is not capable of differentiating good performance from poor one.

From this point of view, it is possible to infer that there is no effective evaluation means of performance in the corporation.

As indicated by Susan (1995), performance evaluation system is fair if:

1. It provides adequate notice;
2. fair hearing which requires a formal review of meeting in which an employee is informed of a tentative assessment his /her performance and employees are permitted to challenge the assessment; and
3. Judgment based on evidence that requires the organization to apply performance standards consistently across employees.

In order to assess employee evaluation and fairness of performance evaluation practice of the Ethiopian Road Construction Corporation (ERCC), questionnaires were distributed and thus the results are summarized and presented in the following table.

Table.4.3: Employees perception towards the fairness of performance evaluation system
N=80

Item Code	Questions	Strongly Disagree=1		Disagree =2		Neutral= 3		Agree=4		Strongly Agree=5	
		No	%	No	%	No	%	No	%	No	%
Q33	Ways to appeal process for a performance rating	27	33.8	31	38.8	9	11.3	13	16.3	0	0
Q14	I can challenge a performance rating if I think it is an unfair rating	34	42.5	32	40	5	6.3	9	11.3	0	0
Q16	In my opinion, Performance Evaluation System is fair and objective	37	46.3	29	36.3	3	3.8	11	13.8	0	0

Source: survey data

Analysis of opinion of respondents revealed out that the majority of respondent 31(38.8%) disagree and 27(33.8%) of respondent strongly disagree with the statements 'I have ways to appeal a performance rating that I think is biased or inaccurate' while about 13(16.3%) of the respondents agree with the existence of the grievance handling process but they do not believe in its transparency and about 9(11.3%) of respondents are became neutral.

On the other hand, most of the respondents 32(40%) of respondents still disagree with the statement 'I can Challenge a performance rating if I think it is an unfair rating' while about 9(11.3%) of them agree with the possibility of challenging the rating if they think that the results of the evaluation are unfair and inaccurate whereas about 5(6.3%) of the respondents became neutral to the argument .And about 34(42.5%) of participants strongly disagree with the statements.

With respect to performance evaluation system is fair and objective about 37(46.3%) of the respondent are strongly disagree with the performance evaluation system is fair and objective while about 29(36.3%) of respondent are disagree with the statements, 11 (13.8%) of the

respondents agree with the fairness and objectivity and 3(3.8%) of participants became neutral with the statement. This shows the performance evaluation practice of the corporation is unfair and subjective.

Table 4.4: The controlling purposes towards performance evaluation practice   N=80

Item Code	Questions	Strongly Disagree=1		Disagree =2		Neutral= 3		Agree=4		Strongly Agree= 5	
		No	%	No	%	No	%	No	%	No	%
Q8	Performance evaluation is used to give feedback to subordinates to improve their in order to know their job accomplishment potential.	19	23.8	40	50	3	3.8	18	22.5	0	0
Q9	Performance evaluation used to determine pay and promotion decisions.	29	36.3	31	38.8	5	6.3	15	18.8	0	0
Q10	Performance evaluation used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions.	27	33.8	32	40	4	5	17	21.3	0	0
Q17	The performance evaluation process is wastage of time	47	58.8	13	16.3	16	20	4	5	0	0

Source: survey data

As we can observe from the above table, the majority of the participants about 40 (50%) disagree with statements 'Performance evaluation is used to give feedback to subordinates to improve their performance in order to know their job accomplishment potential'. However, about 19 (23.8%) of the respondent strongly disagree with the statements whereas, 18(22.5%) and 3(3.8%) participants with statements became agree and neutral respectively. On the other hand, about 29 (36.3%) of respondent strongly disagree with the statements 'Performance evaluation used to determine pay and promotion decisions'. While, about 31(38.8%) of participants disagree with the stated statements and 15(18.8%) of respondents agree and 5(6.3%) became neutral with the statements. This indicates that the employees of the corporation were not given a feedback based

on their job performance evaluation results .It also shows, that their evaluation result is not used for employees in order to achieve their individual goal.

Moreover, (40%) of respondent disagree with the statements' Performance evaluation used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions'. In other word, about (33.8%) of respondents strongly disagree with the statements. While (21.3%) of participants agree with the statements and (5%) of respondent became neutral.

In addition, it implies that there is a trend of using performance evaluation results as punishment for subordinates for their below averages performance which decreases the motivation of employees.

The above table shows the majority of respondents about 47(58.8 %) disagree with the statement 'the performance evaluation process is wastage of time and also about 16(20%) of respondent agree with the statements .While, 13(16.3%) of respondents neutral with the statements and 4(5%) of participant became strongly agree. This indicates that proportion of the respondent's claim that the performance evaluation process of the Corporation waste of time rather than improve to help the performance of employees.

4.3 Qualification of supervisors conducting employee performance

As indicated in the review of related literature, supervisors are one of the major sources of problems in employee performance evaluation. Accordingly, performance evaluation suffer from the following major problems: personal bias, inflation due to attitude consideration, halo effects, leniency or harshness, central tendency error, evaluating based on recent behaviors, inadequate training for supervisor and the lack of participation in the design of the performance evaluation program. Documentation and transparency are also the major problems with respect to employee performance evaluation of the organization. The results of the opinion of respondents with respect to the problems of performance evaluation related to supervisors practice of the corporation summarized in the following table.

Table.4.5: Employees' attitude towards the problems of performance evaluation (N=80)

Item Code	Questions	Strongly Disagree =1		Disagree= 2		Neutral=3		Agree=4		Strongly Agree=5	
		No	%	No	%	No	%	No	%	No	%
Q18	Supervisor are influenced by personal like and disliking	28	35	32	40	11	13.8	9	11.3	0	0
Q19	My supervisor avoid giving performance which may have negative ratings	28	35	32	40	10	12.5	10	12.5	0	0
Q20	My supervisor evaluates accurately my performance for rewarded for doing so and penalized for failing to do so	19	23.8	34	42.2	13	16.3	14	17.5	0	0

Source: survey data

As we can see in the above table, about 28 (35%) of the respondents strongly disagree with the statement 'My supervisor is influenced by his/her personal liking and disliking when evaluating my performance' and about 32(40%), 11(13.8%), and 9(11.3%) of the participants disagree, neutral and agree respectively.

The response given for the interview questions also supported the idea that performance evaluation practice of the corporation is highly involved biasness rating scale error. The majority of the supervisors were influenced by their proximity, friendship, family ties and the fundamental value of the supervisors and physical appearance of the employees or workers. On the other hand, the majority of the respondents 28(35%) and 32 (40%) argued that they disagree with the statement 'My supervisor avoids giving performance which may have negative consequences for his/her subordinates' respectively. And the remaining participants about the 10(12.5%) became the same neutral and agree. In this regard supervisor is not negative consequence of performance appraisal result. Moreover, majority of respondent 34(42.5%) argued that they disagree with the statement 'My supervisor evaluates accurately my performance to the extent that he/she for rewarded for doing so and penalized for failing to do so'. And about 19(23.8) of participants are strongly disagree with the statements and about 14

(17.5%) and13 (16.3%) of the respondents are agree and neutral respectively. According to an interview information gathered, most of the respondents argued that, most of the supervisors in the corporation do not give a serious attention to the performance evaluation results of the employee. They further noted that, the supervisors are continually informed to fill out the performance evaluation form for the employees and return back the result of the evaluation to Human Resource Development and performance team within a given period. However, according to the respondents' response, most of the supervisors have not yet properly fills the employee performance form and return the results to the Human Resource Development and Performance management team without frequent questions and follow up made by the team.

The degree to which the supervisors systematically document the work behavior of employees during performance evaluation period, rating practice, and the way they communicate the result of the evaluation result to their employees is one major focus area of this study. In this regard, an attempt was made to know the extent to which employee expect that the supervisors document the work behavior of the employees during the period of evaluation, how fairly supervisors are rating employees and the extent to which they communicate the result of evaluation to their employee on a regular basis. The result of the analysis is summarized in the following table.

Table 4.6: Performance evaluation documentation and rating practice N=80

Item Code	Questions	Strongly Disagree=1		Disagree=2		Neutral=3		Agree=4		Strongly Agree=5	
		No	%	No	%	No	%	No	%	No	%
Q22	My supervisor provide me specific example of during rating	20	25	37	46.3	9	13.3	14	17.5	0	0
Q23	My supervisor evaluate me with specific incident of good and poor performance	28	35	34	42.5	4	5	14	17.5	0	0
Q24	My supervisor keeps file of performance during the evaluation period	25	31.3	32	40	10	12.5	13	16.3	0	0

Source: survey data

As discovered out in the table above, the majority of respondent about 37(46.3%) disagree with the statements 'My supervisor provides me specific examples of things which I did during the evaluation period if ever I question my performance results'.

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While, about 20 (25%) of the participants strongly disagree with the statements and about 14 (17.5%) and 9 (11.3%) of the respondents became agree and neutral with the statements respectively. On the other hand, about 34 (42.5%) of respondents disagree with statements 'My supervisor evaluates me with specific incidents of good and poor performance'. And about 28 (35%) of the participants strongly disagree with the statements .While, about 14 (17.5%) of respondent became neutral.

Moreover, about 32 (40%) of the participants indicated that the supervisors usually do not keep a file of their performance during the evaluation period. They used to evaluate their performance based on the current work behaviors. Hence, these kinds of evaluation lead a recent behaviors bias. The analysis of the interview result shows absence of proper documentation of performance evidences is the major problems facing the corporation. Most of the respondents commented that the some of the supervisors are conducting performance evaluation without the knowledge, skills and ability about the concept of performance evaluation. Theoretically, literatures identified that both the supervisor and employees should sit together and discuss about the performance in order to arrive at common understanding. Respondents argued that they are not exactly sure when the evaluations will be taking place and they will not be given any comment and written feedback from their respective supervisors about the progress of their performance. Moreover, the analysis made on open ended questions further showed that, the supervisors' rating effort isn't shown employees their position and help them to improve their weakness and maintain their strengths. Therefore, the corporation should work to redesign the system by involving concerning bodies in a way that employees will be notified their weakness and strengths regularly.

The qualification of a supervisor is determined by his/her ability to evaluate the work of his/her subordinates or employees giving training how to conduct performance evaluation of employees. On the other hand, the fairness of performance evaluation by a supervisor is the function of the ability of the supervisor to evaluate his /her employees based on the criteria set by the corporation in its personnel policy manual with regard to performance evaluation.

In this respect, the following table is going to show the evaluation of employees' perception towards fairness and qualification of the supervisor during performance evaluation.

Table.4.7: Employee perception towards the fairness and qualification of their supervisors
N=80

Item Code	Questions	Strongly Disagree=1		Disagree =2		Neutral =3		Agree =4		Strongly Agree=5	
		No	%	No	%	No	%	No	%	No	%
Q27	My supervisor evaluates my performance based or my accomplishments and achievement	22	27.5	35	43.8	6	7.5	17	21.3	0	0
Q28	My supervisor gave me fair assessment compared to by co-workers	32	40	24	30	6	7.5	18	22.	0	0
Q29	My supervisor is not a qualified person to evaluate my work	25	30.5	33	41.3	6	7.5	16	20	0	0
Q30	I often compare my performance ratings with my co-workers	12	15	31	38.8	13	16.3	21	26.3	3	3.8
Q21	My supervisor gives equivalent performance result to all colleagues	19	23.8	41	51.3	9	11.3	11	13.8	0	0

Source: survey data

As it is probable observe in the above table, about 35(43.8%) of participant disagree with the idea that 'my supervisor evaluates my performance based on my accomplishments and achievement whereas, about 22 (27.5%) strongly disagree with the statements. And about 17 (21.3%) and 6 (7.5%) statements agree and neutral respectively. A further analysis showed about 32 (40%) of the respondent strongly disagree with the statements'.

In my recent evaluation supervisor gave me fair assessment compared to by co-workers'. Whereas, about 24 (30%) of the respondent disagree and the rest of the participants 18 (22.5%) became agree and 6 (7.5%) getting neutral.

With respect to qualification of supervisors, about 33(41.3%) of the respondents disagree with the idea' My supervisor is not a qualified person to evaluate my work'.

Moreover, about 31(38.8%) of the participants disagree with the idea' I often compare my performance ratings with my co-workers 'whereas, about 21(26%) of respondents agree with the statements and the rest of participants 13(16.3%) and 12(15%) became neutral and strongly disagree with the statements respectively. Furthermore, the majority of the respondents about 41(51.3%) disagree with statements 'My supervisor gives equivalent performance result to all my colleagues in order to avoid offense and rivalries among us'. On the other hand, about 19 (23.8%) of the participants strongly disagree with the statements while the rest of the respondents 11 (13.8%) and 9(11.3%) became agree and neutral with the statements respectively.

However, some respondents designing observation noted on their individual questionnaire that their supervisors almost give an average rating to the majority of the employees under their supervision because the evaluation result is highly tied up with annual salary increments and other benefits such as bonus payment in the corporation.

4.4 Main parameters/factors involved in employee performance evaluation

The study of Fried et al. (1999), which states that the prevalence of deliberate inflation of performance ratings may hinder organization's effort to use performance ratings effectively for development, motivation and administrative purposes. Accordingly, inconsistency among raters concerning their level of rating inflation may also adversely affect an organization's ability to effectively tie performance ratings to merit raises. As noted by respondents in the open ended questions most of the supervisors are not clearly understand the criteria against which employees are evaluated. Most of them agreed that the supervisors do not have adequate training, skill and knowledge to evaluate his/her performance in the corporation. Others opposed that even if supervisors are qualified to evaluate the performance of their subordinate and employees, they are not motivated and encouraged to perform it properly.

As a result of this reason, most the respondent are not believe in the qualification of their supervisors.

Table.4.8: Employees perception about Performance evaluation   N=80

Item Code	Questions	Strongly Disagree =1		Disagree =2		Neutral =3		Agree =4		Strongly Agree =5	
		No	%	No	%	No	%	No	%	No	%
Q31	I usually create a positive impression in the mind of my supervisor	28	35	26	32.5	11	13.8	15	18.8	0	0
Q32	I often do a favor to my supervisor	20	25	40	50	7	8.8	13	16.3	0	0

Source: survey data

According to the above table, the majority of the respondents 26 (32.5%) disagree with the idea' I usually create a positive impression in the mind of my supervisor'. Whereas about 28 (35%) of the respondents strongly disagree with the statements mentioned above. While, other participants 15 (18.8%) and 11(13.8%) of them are agree and neutral with the statement respectively. Moreover, most of the respondents 40 (50%) disagree with the statements 'I often do a favor to my supervisor'. Whereas, about 20 (25%) of the participant strongly disagree with the idea and while, 13 (16.3%) agree with the statement and 7 (8.8%) of the respondent became neutral.

Table 4.9: Performance planning and reporting practice   N=80

Item Code	Questions	Strongly Disagree=1		Disagree =2		Neutral =3		Agree=4		Strongly Agree =5	
		No	%	No	%	No	%	No	%	No	%
Q1	The corporation future plan are made to known to employees and their performance plan is well aligned with it	14	17.5	51	63.8	5	6.3	10	12.5	0	0
Q26	My supervisor frequently lets me know how I am doing	20	25	34	42.5	5	6.3	21	26.3	0	0
Q3	Performance appraisal report sin the organization are based on objective assessment and adequate information	11	13.8	51	63.8	8	10	10	12.5	0	0

Source: survey data

The above table indicates that the majority of the respondents 51(63.8%) disagree with the statements that 'The corporation future plan is made to known to employees and their performance plan is well aligned with it'. While, about 14(17.5%) of respondents strongly disagree with the idea and 10(12.5%) of participants agree with the statements and 5(6.3%) of respondent became neutral. Moreover, about 34(42.5%) of the respondents disagree with the statements 'My supervisor frequently lets me know how I am doing'. Whereas, 21 (26.3%) of the participants agree with the idea and 20(25%) and 5(6.3%) strongly disagree and neutral respectively. Furthermore, the majority of the respondents 51(63.8%) disagree with the statement 'Performance evaluation reports in the organization is based on objective assessment and adequate information and not on favoritism or partiality'. While, about 11 (13.8%) of the participant strongly disagree with the idea .On the other hand, about 10 (12.5%) of the respondents are agree with statement and 8(10%) of participant neutral with the idea.

As it is revealed out in the above table, the majority of the respondents about 43 (53.8%) disagree with the statements 'The performance criteria used to measure my performance are clearing defined and objective'.

While, about 24 (30%) of participants strongly disagree with the idea .Whereas, about 13(16.3%) of respondents became agree with the statements. Moreover, about 35 (43.8%) of participants disagree with the statements'. The performance evaluation helped me to improve my job performance. Further analysis, about 28(35%) of respondents strongly disagrees with the statements. Whereas, about 9(11.3%) of the participants agree with the statements. And about 8(10%) of respondents became neutral with the statements.

Table 4.10: Criteria used to measure performances N=80

Item Code	Questions	Strongly Disagree =1		Disagree=2		Neutral=3		Agree=4		Strongly Agree =5	
		No	%	No	%	No	%	No	%	No	%
Q2	The performance criteria used to measure my performance are clearing defined and objective	24	30	43	53.8	0	0	13	16.3	0	0
Q15	The performance evaluation helped me to improve my job performance	28	35	35	43.8	8	10	9	11.3	0	0

Source: survey data

Therefore, the organization should work hard to set clear and defined employee performance evaluation criteria and also aware employees of the organization about performance evaluation to increase their performance as well as to increase productivity in the corporation.

4.5 Challenges of Performance Evaluation Practice in ERCC

The following issues are the main challenges of ERCC Performance evaluation practice:

- Lack of proper performance planning which include expectation, work behavior, standards, measurement.
- Lack of proper and enough employee participation and involvement in process.

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- The implementation process is not properly based on competence, i.e. competencies are the knowledge, skills and behaviors that are required to achieve objectives.
- It is form-driven performance evaluation which focuses on the completion of the forms and not on the daily feedback and monitoring.
- The evaluation form lacks main components and one form used across all jobs.
- Presence of rating scale errors. This include central tendency, leniency bias and hallo effect
- It is not properly linked to individual training, development and rewards.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

In the previous chapter, analysis and interpretation of the study was made based on the data obtained through questionnaire distributed to 80 respondents and an interview conducted with purposively selected 7 officials and professionals of the corporation. Based on the analysis and interpretation, the following conclusions are made and recommendations are forwarded.

5.1 CONCLUSIONS

The demographic characteristics of the respondents revealed that most of the respondents were male and while the remaining were female. The majority of the respondents age category lies between twenty five and thirty four which followed by thirty five and forty four years age group.

➢ The respondents' work experience in the corporation mainly lies between 0-4, 5-9 and followed by 10-19 years of experience respectively. One can see that most of the respondents were young and do have short period of experience in the corporation when it compared to the rest one.

➢ Regarding education status of respondent's majority of the respondents had first .Whereas; the attention given to upgrade the employee's education level to master degree was limited.

➢ The study indicated that the performance evaluation practice in the corporation was is the major sources of problems in the work system in which it is done simply to fulfill for formalities. In addition, there was no follow up and support made after evaluation has been conducted

➢ In the corporation there is no trend of providing to employees this is resulted lack of transparency; lack of consistency; lack of accuracy and objectivity. The analysis shown that the criteria used for employees' performance evaluation were vague and highly subjective.

As a result of this, the problem was occurred relevance of the current form in the corporation used to measure the performance of employees. The employee believes that the performance record is not reflecting their true performance.

➢ The majority of interviewee considers that the performance evaluation practice of the corporation is not serving its purpose i.e. it is not effective. In addition to this, the supervisor of the organization were not get the chance of or opportunity to observe the work of employees and the form currently being used is not designed according to the work characteristics of the job in the organization.

➢ The analysis of open ended questions explained that, the supervisors are not self-confident to evaluate the performance of his/her employees and thus they depend on the information from third parties. Moreover, supervisors lack adequate knowledge and skills to evaluate the performance of their employees were also the major problems identified in the study in the corporation.

➢ Study revealed that, the evaluation criteria of the corporation lacks specific objectives to each job family.

➢ In terms of grievance handling procedure when dissatisfaction existed among employees on the result of evaluation lacks transparency, accuracy and consistency

➢ With regard to documentation the performance evaluation results of employees was not properly managed in a systematic manner.

➢ As the study result showed, in the corporation, there is no trend of employee participation in the development of work plan. As indicated in the study, the work plan of employee's performance evaluation was developed by performance management team, regardless of the participation of employees. This practices decreases the initiation of employees to implement the plan as their concern

5.2. Recommendations

On the basis conclusions reached, the following recommendations are forwarded in order to improve the performance evaluation practice of Ethiopian Road Construction Corporation.

☞ In principle, performance evaluation form should be specific clear and measurable. However, as identified through the research result, the format used was found to be vague & too subjective. Therefore, the management should revise the evaluation form.

☞ In terms of communication, the supervisors should coach and follow- up to provide a timely feedback to employees.

☞ In order to avoid the problem of supervisors' self-confidence to evaluate the performance of employees, the management should provide training on the related issues.

☞ Regarding, the objective performance evaluation criteria, the management should work towards defining the purpose of evaluation criteria for each job family.

☞ In addition, the corporation should design a mechanism of using the performance evaluation results not only to promote outstanding individuals not only to promote outstanding individuals but also for training need assessment to improve the capacity of employees.

☞ The corporation should develop a system of grievance handling mechanisms which can be used to all employees when disagreement arises between supervisors and employees on the result of evaluation. This should be done in a transparent, accurate and constant way.

☞ With regard to documenting the performance evaluation results of the employees, the management should follow up the activities of the concerned individuals who are working in the area of record. This helps to manage the results of performance properly in a way that can be achieved for decision making when needed.

☞ The performance plan should include expected tasks, its nature and expected results. It should also include an identification of training that will help to develop employees skills, knowledge & competence to their work Moreover, an effective communication must be a part of performance planning process.

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St. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTER OF BUSINESS ADMINSTRATION (MBA) PROGRAM

Questionnaire to be filled by the staff of Ethiopian Road Construction Corporation

Dear Respondents:-

I would like to express my sincere appreciation for your generous time and honest and prompt responses.

Objective of the Questionnaire:

This questionnaire is designed to collect information about the employee performance evaluation practice and challenges in the corporation. The information shall be used as a primary data in this research which is being conducted as a partial requirement of the student researcher's study at St. Mary's University for completing his MBA specialized in Human Resource Management. Therefore, the research is to be evaluated in terms of its contribution to our understanding of the employees' performance evaluation in contemporary Ethiopia and its contribution to improvements in these practices. Therefore, the researcher will be willing to submit a copy of his final report to ERCC when it is ready. Thus, he wants to get your permission for collecting the necessary information even when it is meant for academic use. Therefore, you're genuine, honest, and prompt response is a valuable input for the quality and successful completion of the research project.

General Instructions:

  • There is no need of writing your name.

  • In all cases where answer options are available please tick (√) in the appropriate box.

Confidentiality:

This research would like to assure you that this research is only for academic purpose authorized by the St. Mary University.

PART I: Participant Information

1. Sex: ☐ Male   ☐ Female

2. Age (in years): ☐ under 25   ☐ 25-34   ☐ 35-44 ☐ 45-54 ☐ 55 and above

3. Number of years working in this corporation (in years):

☐ 0-4   ☐ 5-9   ☐ 10-19   ☐ 20-30   ☐ 30 years or more

4. Educational Qualification:

☐ Technical School Graduate☐ BA/BSc Degree   PhD ☐

☐ College Diploma   ☐Master's Degree

5. Your current position (job) in the corporation _____

6. Division/project you are working in_____

7. How often is employee performance evaluation practiced in the corporation?   Monthly ☐

   Quarterly ☐   Semi-annually ☐   Annually ☐   None ☐

8. Have you been your performance evaluated for the last one year? ☐ Yes   ☐ No

9. If your answer to Question 8 is *yes*, who are involved in the evaluation process? (Multiple

   answers are possible).

   Immediate supervisor ☐   Division/Project Manager   ☐

   Work colleagues   ☐   Customer/client   ☐

Self-evaluation☐   others (please specify) _____

PART II: Questions related to Employees performance Evaluation practices and challenges

Listed below are statements about the practices of Employee performance Evaluation in ERCC. Please indicate (√) your level of agreement with the statements so that your answers to these questions will enable to assess the practices of performance evaluation in the corporation.

S/N	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	The corporation's future plans are made known to employees and their performance plan is well aligned with it.					
2.	The performance criteria used to measure my performance are clearly defined and objective.					
3.	Performance appraisal reports in this organization are based on objective assessment and adequate information and not on favoritism or partiality.					
4.	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
5.	In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers.					
6.	The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job					
7.	Performance evaluation used to counsel and coach subordinates to improve their performance and develop their future potential					
8.	Performance evaluation is used to give feedback to subordinates in order to know their job accomplishment potential					
9.	Performance evaluation used to determines pay and promotion decisions.					
10.	Performance evaluation used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions.					
11.	Performance evaluation is used to motivate subordinates through recognition and support.					
12.	Performance evaluation is designed to strengthen the relationship between superiors and subordinates.					
13.	Performance evaluation aimed to identify both organizational and individual problems based on performance results.					
14.	I can challenge a performance rating if I think it is unfair					
15.	The performance evaluation helped me to improve my job performance.					
16.	In my opinion, the performance evaluation system is fair and objective					
17.	I think the performance evaluation process is a waste of time.					
18.	My supervisor is influenced by his/her personal liking and disliking when evaluating my performance.					

S/N	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19.	My supervisor avoids giving performance ratings which may have negative consequences for his/her subordinates.					
20.	My supervisor accurately evaluates my performance to the extent that he/she rewarded for doing so or penalized for failing to do so.					
21.	My supervisor gives equivalent performance results to all my colleagues in order to avoid offense and rivalries among us.					
22.	My supervisor provides me specific examples of things which I did during the evaluation period if ever I question my performance results.					
23.	My supervisor evaluates me with specific incidents of good and poor performance.					
24.	My supervisor usually keeps a file on what I have done during the evaluation period to evaluate my performance.					
25.	Information generated through performance evaluation in is designed to strengthen the relationship between supervisors and employees.					
26.	My supervisor frequently lets me know how I am doing					
27.	My supervisor evaluates my performance based on my accomplishment and achievement.					
28.	In my recent evaluation, my supervisor gave me a fair assessment compared to by co-workers.					
29.	My supervisor is not a qualified person to evaluate my work.					
30.	I often compare my performance ratings with my co-workers.					
31	I usually create a positive impression in the mind of my supervisor.					
32.	I often do a favor to my supervisor.					
33.	I have ways to appeal a performance rating that I think is biased or inaccurate					

Part III. Additional Questions

1. In your opinion, what are the real problems that you observe regarding performance evolutions practices of your organization?

_____

_____

_____

2. Would you please suggest if there is anything to be changed with regard to the current performance evaluation system being used in your organization?

_____

_____

_____

_____

_____

Thank you for completing the questionnaire!

INTERVIEW QUESTIONS

This interview questions will be answered by purposively selected respondents of

ERCC Management staff

1. Are there a performance evaluation policy & procedure in your corporation? What is their importance?

2. Do you think that the performance evaluation system of the corporation is serving as expected its purpose?

3. Do you think that the performance evaluation system differentiates good performers from poor performers at all levels?

4. Can you please describe the performance evaluation process of the corporation?

5. What are the bases for the supervisors to rate employees' performance?

6. How do you communicate the performance evaluation results of the employees in the corporation?

7. What are the major problems that the corporation is facing with respect to Performance evaluation?

Appendices   C. Performance Evaluation Form

የኢትዮጵያመንገድኮንስትራክሽንኮርፖሬሽን

ሰራተኞች/ባለሞያዎችየዕቅድአፈጻጸምመመዘኛቅጽ

የመምሪያው/የፕሮጀክቱስምየስራክፍሉስም_____የተመዛኙመለያቁጥርስምየስራመደብ_____
_____

ተ/ቁ	መስፈርት	ለተመዛኙክ 100 የተሰጠውነጥብ -A-	ለመስፈርቱየተሰ ጠውክብደት (Weight) -B-	ተመዛኙያገኘ ውነጥብ =A * B
1	**የሙ ያብ ቃት**(60%)			
1.1	ስራውንበተፈላጊውጥራትየማጠናቀቅብቃት፤		0.2	
1.2	ስራውንበወቅቱየማጠናቀቅ፤		0.2	
1.3	ስራውንበተያዘለትወጭየማጠናቀቅ-ወጭየመቆጠብዝንባሌ፤		0.2	
	ድምር		**0.6**	
2	**አመለካከት (Attitude)**(30%)			
2.1	ተገልጋዮችንበወቱለማስተናገድየሚያሳየው (የምታሳየው) ጥረት፤		0.075	
2.2	ከስራውጋርተያያዥየሆኑተጨማሪስራዎችንለመስራትሙሉፍላጎትየሚያሳይ እንዲሁምችግርንተቋቁሞየመስራት፤		0.075	
2.3	በቡድንየመስራትፍላጎት፤		0.075	
2.4	የስነ-ምግባርግድፈትያልታየበት (በኮርፖሬሽኑመመሪያዎችመሰረትእርምጃያልተወሰደበት)		0.075	
	ድምር		**0.3**	
3	**ኮሚንዩኬሽን**(10%)			
3.1	ችግሮችንጉዳዮችላያደርሱወይምቀድሞበመገመትማሳወቅ		0.03	
3.2	የወር፤የሩብዓመት፤የስድስትወር፤የዘጠኝወርእንዲሁምዓመታዊሪፖርትወሩበ ገባበ15 ቀናትውስጥማቅረብ		0.03	
3.3	በስራክፍሉችለሚጠየቁመረጃዎችወቅታዊምላሽመስጠት		0.02	
3.4	በራስአነሳሽነትሥራንአውቆየማከናወን		0.02	

5. የመዛኙአጠቃላይአስተያየት ---

ስም---የስራመደብ----------------------------------ፊርማ-------------

6. የተመዛኙአጠቃላይአስተያያት---

ስም---የስራመደብ--------------------------------ፊርማ--------------

7. የአጽዳቂውአስተያየት--

--- --

ስም ---የስራመደብ --------------------------------ፊርማ--------------

ማስታወሻ፦

- ሁሉምየስራአፈጻፀምምዘናዎችበተጨባጭመረጃመደገፍይኖርባቸዋል፤
- ኃላፊው/ሰራተኛውበእያንዳንዱመስፈርትየሚለካውከመቶ (100)
  ይሆንናያገኘውን/ያገኘቸውንውጤትለመስፈርቱከተያዘለትክብደት ጋርበማባዛትየሚገኘውውጤትበተቀመጠው
  መስፈርትያገኘውንውጤትየሚያመለክትይሆናል።

Appendix D. Ethiopian Road Construction Corporation Organizational Structure
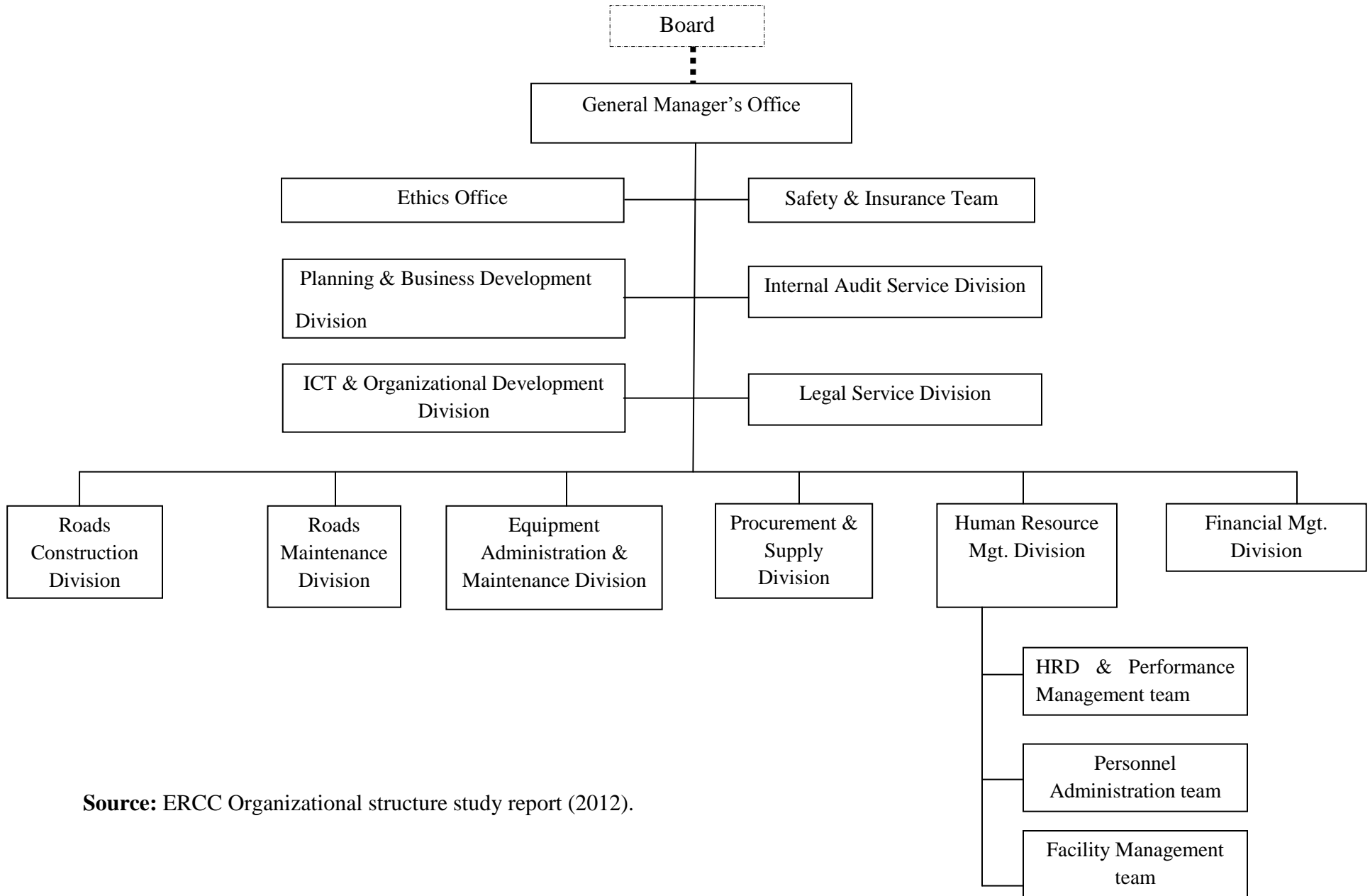
Source: ERCC Organizational structure study report (2012).

DECLARATION

I, Jewara Kassim, declare that this work entitled "**Employee Performance Evaluation Practices and Challenges at Ethiopian Road Construction Corporation (ERCC)"** is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master of Business Administration [MBA] concentration in Human Resource Management.

By: Jewara Kassim

Signature_____

Date_____

ENDORSEMENT

This is to certify that this project work, **"Employees' Performance Evaluation Practice and Challenges at Ethiopian Road Construction Corporation (ERCC)"**, undertaken by Jewara Kassim for the partial fulfillment of Master's of Business Administration [MBA] at St. Mary University, is an original work and not submitted earlier for any degree either at this University or any other University.

Research Advisor

_____

Tilaye Kassahun (PhD)