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ST.MARY'S UNIVERSITY

**SCHOOL OF GRADUATE
STUDIES**

**ASSESSMENT OF EMPLOYEE PERFORMANCE
EVALUATION PRACTICE AT ETHIOPIAN
ELECTRIC POWER CORPORATION; EASTERN
ADDIS ABABA REGION**

By: HAGOS TEKLU/SGS1/0014/04

JANUARY, 2015

ADDIS ABABA

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ADDIS ABABA

ST. MARY'S UNIVERSITY COLLEGE
School of Graduate Studies
MBA Program

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EVALUATION PRACTICE AT ETHIOPIAN
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ABABA REGION**

BY HAGOS TEKLU/SGS1/0014/04

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ACRONYMS

EEPCO	Ethiopian Electric Power Corporation
EPA	Employee Performance Appraisal
HR	Human Resource
HRM	Human Resource Management
Bod	Board of Directors
GWH	Gaga Watt Hours
TVET	Technical Vocational Educational Training
EELPA	Ethiopian Electric Light and Power Authority
EAAR	Eastern Addis Ababa Region

Abstract

This project is designed to assess the perception of employees towards the practices and problems of performance evaluation in Ethiopian Electric Power Corporation Eastern Addis Ababa Region. To this end; the study has the objective to assess the perception of employees towards the problems and practices of performance evaluation. On the basis of data collected through questionnaires and interview, which are founded on the theoretical assessment of related literatures; I have tried to unearth some of the real problems of appraisals based on the opinion of the ratees in that particular organization.

The questionnaire was distributed to 100 employees of the corporation working in the region and 20 districts: in which only 94 were fully completed and returned. The questionnaire was distributed to the employees on the basis of convenience sampling based on the willingness and cooperation of the respondents. The data collected were analyzed using statistics.

On the basis of the data obtained from the respondents, the study identified the lack of transparency both during the evaluation and after evaluation as its major findings. Almost all the participants vented out that they are not allowed to discuss the result of their ratings. As a result, they do not have a confidence on the appropriateness of the evaluation to make crucial human resource decisions. The lack of clarity of performance evaluation criteria and the subjectivity involved in the evaluation which resulted in role ambiguity and frustration among the employees were identified to be the other problem of performance appraisal in Ethiopian Electric power corporation (EPCO). On the other hand, the subjective nature of the standards against which the performance of employees is judged lead raters to manipulate the evaluation for their own personal agendas.

The universal purpose of performance evaluations across the board were also common problems in the system. The performance evaluation forms do not reflect the performance of the employees as they can be irrelevant for some jobs. Moreover, through my research I have discovered that raters usually do not continually record or document the performance of employees over the evaluation period. In this regard, it was identified that raters evaluate the performance of employees on the basis of recent behavior. Based on the findings of the study, I have forwarded some recommendations so that if they are used by the bank will give them an insight as to the practice and its associated problems of performance appraisal in the organization.

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 a successful business and Human Resource policy of the organization. As employees are one of the most valuable assets of the organization that can make things happen, the practice of performance evaluation is an inherent and inseparable part of the organizations' life. Conducting performance evaluation helps organizations to reward and promote effective performers and identify ineffective performers to developmental programs or other personnel actions that are essential to the effectiveness of Human Resource Management.

Longenecker and Fink (1999) cited several reasons that formal performance evaluations are to stay in organizations. According to them, formal 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 need. The authors cited a study on high performance organizations that the practice of performance appraisal was cited as one of the top 10 vehicles for creating competitive advantage. Moreover, performance measurement allows the organization to tell the employee something about their rates of growth, their competencies, and their potentials.

However, regardless of its panacea, the ineffective appraisal system can bring many problems, including low morale, decreased employee productivity, a lessening of an employee's enthusiasm and support of the organization (Rafikul Islam and Shuib bin Mohd Rasad, 2005).Evaluating employee performance is a difficult task because the job demands the immediate supervisors to understand the nature of the job and the sources of information, and the2information needs to be collected in a systematic way, and it is provided as a feedback, and integrated into the organization's performance management process for use in making compensation, job placement, and training decisions and assignments.

The usefulness of 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 the 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 the ratee (Thomas Decotiis & Andre Petit, 1978).

Therefore, the problems of performance evaluation arise when the results of the evaluation fail to reflect the actual performance of the employees, which in turn, leads to wrong administrative decisions that can highly affect the life of the employees.

Thus, the report is attempting to assess the practices and the real problems that exist in the Ethiopian Electric Power Corporation. The report also tried to address the purposes for which performance appraisal is conducted.

1.2. Background of the organization

Electric power was introduced to Ethiopian in the late 19th century, during the region of Minilik. The first generator was said given to Minilik around the year 1898 to light the palace. In addition to the use of generators, Minilik got constructed the first hydro power plant on the Akaki River in the Year 1912 in order to supply power to small factories that had been limited to small factories and the palace was extended to public places and major roads in the vicinity of the palace. However, the effort of the government to extend the power supply to the public was hindered by the Italian invasion of Ethiopia in the Years 1936. During this temporary Occupation, the Italian company called Coneil overtook the generation and destitution electric power. The company installed generators at different places and extended the power supply to the major towns. After the Italian were driven out of Ethiopia in Year 1941, an organization called enemy property Administration was established and took over along with other activities the generation and distribution of power to the public.

In the year 1948, an organization that had been vested with the power to administer the enemy property was evolving in to an organization called Shewa electric power capacity, managed to increase the power supply not only in the Shewa but also the administrative regions. In the light

of its function, its name was changed to “Ethiopian Electric Light and Power” in the year 1955. Soon after Establishment, the supervision and management of the organization were vested in the board of Directors appointed by the government.

After eight months of its establishment, the Ethiopian Electric Light and Power was transformed to “the Ethiopian Electric Light and Power Authority” (charter of the Ethiopian Electric Light and Power). The newly established Authority was to engaged in the business of production, transmitting, distributing and selling of electric energy to the public of Ethiopia and carry on any other lawful business incidental of appropriate the interest of the authority or to enhance the value of its properties. At the time of its establishment, the capital of the authority was ten million Ethiopian dollars each. It was also determined that the board of directors appointed by the government shall exercise all the power of authority In addition to this, it was also determined that the head office of the Authority would be in Addis Ababa, with branch offices at different places as necessary. At that time the annals electricity production capacity of the Authority was 35 GWH while the number of customers was 12,500. In light of the Socio Economic development of the country the Authority continued to increase the scope of its operation in order to accommodate the new changes. After being in operation for about 55 years in this manner major changes in the objective and structural set up of the organization took place relative to the change in the social economic condition of the country. In this regard, one of the major changes in the economic sector was the transformation of the centralized command economy to the free market driven economy in the year 1987.

In order to accommodate the new change in the environment, the Ethiopian Electric Power & Power Corporation by reorganizing its functions on the basis of the principle of commercialization and decentralization. Accordingly the Ethiopian Electric Power Corporation as public enterprise was established for an indefinite duration by regulation No 18/1997, and conferred with the powers and duties of the previous Ethiopian Electric light and power Authority. The purpose of the corporation is to engage in the business of producing, transmitting, distributing and selling electrical energy (in accordance with economic and social development policies and priorities of the government) and to carry on any other related activities that would enable it achieve its purpose. At the time of establishment, the Authorized capital of the corporation was G.1 billion birr of which 2.67 Billion birr was paid up in cash and kind. It was

determined by the establishment, regulation that the corporation shall have its head office in Addis Ababa and may have branch offices elsewhere, as may be necessary. Currently, the annual Electric production capacity of the corporation is about 4980 GWH and the number of customers is about 1.1 million. Although the corporation has been increasing the number of customers by more than 15% annually, but this does not mean that the corporation has met the demand for electric power. Hence the corporations to meet the power supply need of the socioeconomic development of the country. (WWW.eepco.gov.et)

1.3 Statement of Problem

A system of performance evaluation if carefully designed and systematically operated, it provides an opportunity for managers to examine how effectively the company is utilizing its human resources. It is believed to have a potential value, enhance the professional development of employees and hence to improve performance, however if misused, it affects not only the working environment of organization in sum but also the moral of each and every employee in the organization. According to the personal observation of the student researcher and the same rumors frequently heard from the employees, the current performance appraisals have many problems. Some of the problems mentioned are most of the performance evaluation criteria set are not job related. So, some of the employees have no trust and confidence over the appraisers. They are heard complaining that most appraisers are not free from bias and favoritism, and employees evaluated are appraised based on their personality rather than their performance. So far, to the best of the student researcher's knowledge, no study has been conducted to address this issue.

1.4 Research Questions

The aim of this is, therefore, to assess and evaluates the performance appraisals of employees in the Ethiopian Electric Power Corporation (EEPCO.) western region department. Investigation the cases thoroughly the researcher is putting forward the following basic questions.

- 1, How the performance system of the organization (EEPCO.) is designed?
- 2, How well the employee is performing relative to performance objectives and expectations of the organization?

3, How far the system of performance appraisal of the organization enables it to maintain and promote its employees?

1.5. Objectives of the study

The general objective of this study is assessments of the current system of employee performance evaluation in Ethiopian electric power (EEP). Specifically the study aims

1. To identify the appraisal techniques and criteria employed and to what extent it is appropriate to measure performance of employees
2. To investigate the major purposes of the current system of employee performance evaluation and their degree of effectiveness.
3. To identify the appraisers involved, and how skillful and competent they are.
4. To investigate often performance evaluation is conducted and how adequate it is.
5. To analyze how performance appraisal really works & how favorably and unfavorably employees react to the system.
6. To identify the strengths, weakness and trouble spots associated with the current evaluation system.
7. To suggest and recommend possible solutions to EEPCO appraisal problems if any.

1.6 Significance of the Study

The results of this study are significant in various respects. Firstly, on the base of the findings of the study, the reports drew some conclusions and identify the problems of performance evaluation and give signal to the human resource management of the corporation to take remedial action to minimize the subjectivity of evaluation in prospective employees for salary increment and promotion. Second, it is piece of contribution to the current knowledge in the practice of performance in an enterprise working in Ethiopia and invites for further research to bring behavioral change in the area of performance evaluation both in the mind of the raters, employees and those parties responsible in the design of the instruments of performance evaluation forms that are used to judge the performance of employees. Thirdly, it gives the researcher the opportunity to gain deep knowledge in the practice of performance evaluation.

1.7 Limitations of the Study

There were external (Uncontrollable) variable that deter the smooth implementation of the project in addition to the limitations of the research design itself. For instance, the lack of cooperation of the respondents and their respondents and their commitment to complete filling the questionnaires, lack of sufficient time by the researcher to include the perception of raters in the questionnaire, and lack of interviewees; cooperation to devote their time to provide the researcher with the relevant information has seriously limited the outcome of the research. Moreover, the time pressure faced by the researcher is also the other constraint to undertake the organization wide study with respect to performance evaluation. To same extent the lack of relevant and up to date literature was also the major constraint during the study.

1.8 Scope of Delimitation of the Study

Geographically, this study covers Addis Ababa Arat killo; and Northern Shewa – Enewari, Alem Ketema, Dera, D/Berhan, Ankober, Shono, Sendafa, Muketuri, Fiche and so on sites which are the supervision of the East Addis Ababa Region. The population includes 623 technical, administrative staff of EEPCO Eastern Addis Ababa Region. The respondents are supposed to randomly selected employees, but because lack of willingness of some employees the researcher was forced to use a sampling method based on the willingness of the respondents.

However, it was trying to address from all employment hierarchy of the Eastern Addis Ababa Region. The researcher was trying to set clear and precise inquires. In that the researcher was fully investigated the problem of the concerned topic. Besides, the researcher was exhaustively uses his effort and times to acquire enough, genuine and relevant.

1.9 Organization of the Study

The paper is organized in five chapters. Chapter one deals with the introductory part. It encompasses the background of the study, a statement of the problem, basic research questions, and objective of the study, the significance of the study, limitation and scope or delimitation of the study.

Chapter two presents the relevant literature review, chapter three presents the methodology of the study, chapter four presents the discussion of the findings, and chapter five comprises the summary of major findings, conclusions and recommendations.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

This chapter of the study tries to touch upon the theoretical framework of the employee performance evaluation system according to the available literature in the specific area. List of topics treated in the literature chapters is like the definition of performance, meaning and nature of performance appraisal, the importance of performance appraisal, and basic requirement for effective performance management, the process of performance appraisal, characteristics of an effective appraisal system, appraisal errors and alternative of performance appraisal.

2.2 Definitions of performance Evaluation

A formal definition of performance appraisal is given by Aswathappa, A (2002):

“It is the systematic evaluation of the individual with respect to his or 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 an employee’s job related behaviors and outcomes and this is an answer to the question “*what to measure*”. 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.

Furthermore, Ivancevich, (2004) defined performance appraisal as,

“The activity used to determine the extent to which an employee performs work effectively. More specifically, a formal performance evaluation is a system setup by the organization to regularly and systematically evaluate employees’ performance”.

In the definition, the author classified between formal and informal performance appraisal system. Thus, the informal system is unsystematic, unplanned, chaotic, random and unmethodical. On the other hand, the formal system is prescribed, official, and intentional in its design and has a specific purpose or goal.

Moreover, according to Michael Beer, cited in Lorch, J (1987) performance appraisal is defined as:

“....a system of papers and procedures designed by the organization for use by its managers and an interpersonal process in which manager and subordinate communicate and attempt to influence each other.”

According to the author, performance appraisal has two major components: The appraisal system and the appraisal process. The Performance appraisal system is the specified mechanism (e.g. objectives, participants, procedures, criteria, rating scales etc.) that is used to guide and regulate the process of performance evaluation. The appraisal process refers to the interpersonal process in which the supervisor and the subordinate communicate and attempt to influence each other through the feedback interview. It is concerned with how Performance appraisal is actually implemented and carried out in an organization.

Moreover, Performance appraisal is defined as:

“....a periodic evaluation of the output of an individual measured against certain expectations”
[Yong, 1996 as cited in Ahmad, R. and Ali, N. Azman, 2004]

The definition implies that the performance evaluation process involves observing and evaluating staff members’ performance in the workplace in relation to pre-set standards.

According to DeNisi et al. (1984) cited in Campbell and Lee (1988), performance appraisal consist of observation of behavior by a rater, formation of some cognitive representation of this behavior, storage of this representation in memory, retrieval of the stored information, at the time of evaluation, reconsideration and integration of the retrieved information with other items of information, and, finally the assignment of a formal evaluation to the employees. This definition shows the process of performance appraisal decision making which is complex and unattainable because of the limitation of human information processing capacity.

Therefore, in this study, performance evaluation is a system designed to periodically and regularly measure the performance of employees against pre-set standards and it involves providing feedback to the employees in which case the result of the appraisal will be used as a basis for administrative decisions and developmental purposes. In the citation of literature, such terms as appraisal, assessment, personal rating, merit rating, and review are used interchangeably with evaluations (Ivancevich, 2004)

2.3 Meaning and nature of performance appraisal

Appraising performance of individuals, groups, and organization is the common practice of all societies. While in some instances, these appraisal processes are structured and formally sanctioned, in other instances they are formal and integral parts of daily activity. In social interactions, performance evaluation is done in a haphazard and often in unsystematic ways. But in organizations, formal programs by evaluating employee and managerial performance-conducted in a systematic and planned manner have achieved widespread popularity in recent year (Rao, 1999)

According to Monday (1990:217) performance appraisal is defined as a formal system of periodic review and thus organizational effectiveness. The implication is that if the company is utilizing effectively the ability and capabilities of employees; it must continually evaluate their progress.

Similarly, employees are to direct their strength & weakness (Charden, 1959:312) In sum (Rao 1990:218) has pointed out the following important features of performance appraisal system.

2.4 Importance of performance appraisal

No one denies that performance appraisal is the major responsibilities of managers in a system of human resources management. For organizational members perform better, their performance should be assessed their weakness and strength should be identified; and they should be feedback with the information where they stand in their performance. According to (Mabey and Stonely; 1998:5) “.... Because it is such a core thread running through so many other strategically oriented human resource activities, performance appraisal deserves special and considerable

attention” The underlying assumption regarding appraisal systems in organizations is that unless tested and surfaced cause an incipient weakness in to every other human resource activities.

Appraising system in many organizations may prove ineffective because their unclear objectives, poor design, invalid and unreliable criteria, and improper operation.

Advocates of this system argue, however, that a properly conducted appraisal system is not only let an employee know how well he is performing but also influences the employee’s further claimed also that a well-designed appraisal system provides a profile of the organization’s human resource strength & weakness

The main reason for appraising performance is able to employees to use their effort and ability so that organizations achieve their goals and consequently their own goals. Generally the following are the main uses of performance appraisal

2.4.1 Improvement

Performance feedbacks allow the employees the manager and personal specialists to intervene with appropriate actions to improve performance.

2.4.2 Compensation adjustment

Performance evaluation help decision-makers determine who should receive pay rises. Many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through performance appraisals.

2.4.3 Placement Decision

Promotion, transfer and demotions are usually based on past or anticipated performance. Often promotions are reward for past performance.

2.4.4 Training and development needs

Poor performance may indicate a need for training likewise, good performance may indicate untapped potential that should be developed.

2.4.5 Career planning and development

Performance feedback guide career decisions about specific career paths one should investigate.

2.4.6 Job Design Errors

Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors job designs. Appraisals help diagnose these errors designs. Appraisals help diagnose these errors.

2.4.7 Equal Employment Opportunity

An accurate performance appraisal that actually measures Job-related performance ensures that internal placement decision is not discriminatory.

2.4.8 Feedback to human resources

Good or bad performance throughout the of the organization indicates how well the formic resource function is performing

2.5 Characteristics of an effective appraisal system

A performance appraisal system should be attractive as a number of crucial decisions are made on the basis of score of the rating given by the appraiser. Following is a discussion on essential characteristics of an effective appraisal system should possess.

2.5.1 Validity and Reliability

To provide information that can serve the organization goals, performance evaluation must provide valid and reliable data. An appraisal system is said to be reliable data. An appraisal system is said to be reliable when the ratings of two equally qualified and competent appraisers using the same appraisal techniques agree with each other appraisals should also meet the condition of validity that requires appraisal systems to measure what they are supposed to measure. For example, if an appraisal is made for potential of employees for promotion. It should supply information and data relating to the potentialities of employees to that end

2.5.2 Job relatedness

Performance appraisal systems are intended to evaluate the performance and performance potential of employees. To be more effective then, they should measure an employee's performance and provide information in Job related areas

2.5.3 Performance Expectation

“Unless managers clearly explain performance expectation to their subordinates in advance of appraisal period, it is not reasonable to evaluate employees using yardsticks that they know nothing about. Therefore, if appraisal system is to contribute effectively to personnel program, performance expectation should be defined in an understandable manner

2.5.4 Standardization

For an appraisal system to work employees in the same supervision should be appraised using the same evaluation instrument; appraisal should cover a similar period of time, and feedback sessions and appraisal interviews should be regularly scheduled for all employees. Standardization also requires formal documentation that consists of description of employee responsibilities, expected performance results, and the ways these data will be viewed in making appraisal decision

2.5.5 Qualified Appraiser

Responsibility for evaluating employee performance should be assigned to individuals who directly observe at least a representative sample of an employee's Job performance. However, this does not guarantee the effectiveness of an appraisal system. To carry out accurate appraisal system, the evaluator must be knowledge about the job requirements and performance of employees being appraised and to have specific observational skill. In order to ensure effectiveness, therefore, the appraiser must be well trained (Heneman III 1980:132-39)

2.5.6 Open Communication

Most employees have a strong need to know how well they are performing. A good appraisal system provides needed feedback on a continuous basis: permits both parties to discuss about the

gaps and prepare themselves for the future; and helps the managers to explain their performance expectation to their subordinates in advance so employees easily learn about the yardsticks of job performance

2.5.7 Employee access to results

For an employee to perform better, he/she should get access to appraisal results. When employees are not fully informed of the result of the game and are not provided with adequate feedback on their performance, such a situation is uncomfortable at best, and at worst, totally demoralizing and defeating (Monday, 1990:411). The implication underlying this understanding is that, permitting employees to review results allows them to detect any errors that might have been made. Otherwise, the employees disagree with the evaluation and may want to challenge it formally

2.5.8 Dual process

The employee must have a procedure for pursuing their grievance and having them addressed objectively. To this end, an appraisal system requires a formal procedure to be developed to permit employees to appeal an appraisal result that they consider inaccurate or unfair (Rao, 1990:246)

2.6 Barriers of performance appraisal system

A system can fail or malfunction performance evaluation is exception the system of performance appraisal may fail for many reasons, including the problems related to the design & operation of the system, skills & competence of appraisal. Following is discussion on major appraisal. Following is discussion on major appraisal barriers discovered so far.

2.6.1 Problems with the design and operations of the system

According to Michael Beer (1987) many of the problems with performance appraisal stems from the appraisal system it self-the objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system. The performance system can be blamed if the criteria for evaluation are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus solely on activities rather

than output (results), or on personality traits rather than performance, the evaluation may not be well received (Junlin Pan and Guoqing Li, 2006; Michel Beer, 1987; Ivancevich, 2004; Cynthia Lee, 1985).

As Henderson (1984) cited in Deborah F.B and Brain H. Kleiner (1997), performance appraisal system are not generic or easily passed from one company to another; their design and administration must be tailor- made to match employees and organizational characteristics and qualities.

In the study made by Clinton O. Longenecker(1977) on 120 seasoned managers drawn from five different large US organizations entitled “why managerial performance appraisal are ineffective”, the majority(83%) of the respondents argued that managerial performance appraisal is destined to fail because of (among the many reasons cited) unclear performance criteria or ineffective rating instrument used. This mostly emanates from ambiguity on the job descriptions, goals, traits and/or the behaviors that will be the basis for the evaluation of the process to fail right from the start.

According to Deborah F.B and Brain H. Kleiner (1997) organizations need to have a systematic framework to ensure that performance appraisal is “fair” and “consistent”. In their study of “designing effective performance appraisal system”, they conclude that that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria. They further argued that the system should help to create a motivated and committed work force. The system should have a framework to provide appropriate training for supervisors, raters, and employees, a system for frequent review of performance, accurate recordkeeping, a clearly defined measurement system, and a multiple rater group to perform the appraisal.

2.6.2 Problem with the appraiser

An evaluation system can be hampered or destroyed often because raters have not been and equitably trained (Ivonivich, 1989:328). It should be clear; therefore, that even if the system is well designed, little knowledge and skill on the side of the raters can lead to a series of problems and errors in completing an evaluation several of which are discussed below.

2.6.2.1 Halo Effect

The halo effect appears in the evaluation when the evaluator perceives one factor has had a paramount importance and gives a good or bad overall rating to an employee based on this one factor (Mondy, 1990:406). This is a tendency to erroneously rate employee by assigning the same rating of level of level to all dimensions of this performance (Glueck, 1982:375).

2.6.2.2 Central tendency

This is the tendency of appraisers for erroneously rate employees near average. Many raters avoid using high or low ratings mainly because they possess inadequate performance evidence to discriminate employee's level of performance evidence to discriminate employee's level of performance; and resort to a philosophy that everyone is about average and rate subordinate around a & on a 1 to 7 scale or a 3 on a 1 to 5 scale (Ivancevich 1989:331).

2.6.2.3 Constant Error

This is a persistent problem of appraiser who often tends to be Lenin or strict in rating employees. Appraisers vary in their perception of rating personnel performance. They have their own rose-colored glasses which they view subordinates (Ibid, 329). Some are easy raters rating appraisers extremely high and some are strict raters rating appraisers extremely low.

2.6.2.4 Recent behavior bias

Many appraisal results suffer objectively because appraisers often tend to target of one not concerned about the cumulative past performance of employees. As a result, appraisal results of employees are determined only by evidence obtained just before appraisal rather than by the average behavior an employee has exhibited in his past several months of performance (Heneman III, 1986:132).

2.6.2.5 Personal bias

Supervisors doing performance appraisal may have biases related to their employee's personal characteristics such as race, religion, gender or age. Many valid appraisals are thus invalidated by bias on the part of the appraiser. Some raters like certain employees better than others in

which causes the ultimate effect would be prejudiced against groups of people (Ivancevich, 1989:332). There is also a claim that personal bias can greatly influence appraisal results when appraisers give a higher rating because the appraiser possess qualities or characteristics with the appraisees are related lower than they deserve (Glueck, 1982; 76).

2.6.2.6 Lack of Objectivity

A potential weakness of the traditional performance appraisal method is that they lack objectivity, in the rating scales. For example, commonly used factors such as attitude, loyalty and personality are difficult to measure (Monday, 1990:406). Therefore, it should employee appraisal based on personal characteristics might pose the evaluator in an untenable position with the employees.

2.6.3 Problems with the appraises

For the evaluation system to work well, employees must understand it must feel it is fair, and must be work oriented enough about the results. One way to foster this understanding is for the employees to participate in a system design and be trained to some extent in performance evaluation (Glueck; 1982:376) The underlying assumption is that employees need to initialize the purpose appraisal system and willingly accept the performance criteria and processes of appraisal as realistic, helpful and reliable.

The problems of performance evaluation can also be attributed to the rates. For instance, their attempt to create unnecessary impression and work area ingratiation is one of the major problems with respect to rates

According to Mark Cook (1995), organizations occasionally exist in which subordinates gain credit for pushing ahead with management plans that are absurdly wrong, in pursuit of aims which are completely pointless, stifling criticism either on purpose or of method with cries of “commitment” and “loyalty”. An extreme case of this trend may be termed the World War I mentality. As Wayne, S.J. And Ferris, G.R.,(1990) cited in Mark Cook (1995) there are three underlying types of ingratiating behavior, or “upward influence styles”:

a) Job-focused ingratiation: claiming credit for things you have done and not done, claiming credit for what the group has done, arriving at work early to look good, and working late to look good.

b) Supervisor-focused ingratiation: taking an interest in the supervisor's private life, praising the supervisor, doing favors for the supervisor, volunteering to help the supervisor, complimenting the supervisor on his/her appearance and dress, agreeing with the supervisor's ideas.

c) Self-focused ingratiation: presenting self to the supervisor as a polite and friendly person, working hard when results will be seen by the supervisor, letting the supervisor know that you are trying to do a good job.

Research suggests however that ingratiation does not always succeed in obtaining good Performance ratings. Unsubtle ingratiation may sometimes be too blatant to be credible, or palatable. Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization.

Besides undermining performance appraisal, and selection research, this tends to be bad for morale, when staff sees persons whose true performance is poor, but who are good at ingratiating themselves, get merit awards, or promotion, or other marks of favor.

On the other hand, defensiveness and resistance to evaluations are also major problems among workers. To many employees, performance appraisals can be a highly threatening experience. This is because employees regard their performance much more positively than did his supervisor. Research showed that, employees may develop defensive mechanisms and resistance in performance ratings to defend against threats to their self-esteem (Michael Beer, 1987; Campbell and Lee, 1988). The defensiveness may take a variety of forms. Subordinates may try to blame their unsatisfactory performance on others or on uncontrollable events; they may question, the appraisal system itself or minimize its importance; they may demean the source of the data; they may apologize and promise to do better in the hope of shortening their exposure to negative feedback; or they may agree too readily with the feedback while inwardly denying its validity or accuracy. The defensiveness that results may take the form of open hostility and denials or may be masked passively and surface compliance.

Therefore, based on the theoretical understanding gained from the literature, I have tried to assess the extent to which these and other related problems exist in relation to the performance evaluation practice of the Ethiopian Electric Power Corporation.

2.7 Performance appraisal Process

The basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively in order to realize the purpose of performance appraisal organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated below.

2.7.1 Establishing Performance Standards

The first step in appraising performance is to identify performance standard. A standard is a value or specific criterion against which actual performance can be compared (Baird, et.al, 1990). Employee Job performance standards are established based on the job description. Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the board criteria against which employees' performance is measured.

2.7.2 Communicating performance is measured

For the appraisal system to attain its purposes, employees must understand the criteria against which their performance is measured. As Werther and Davis (1996), Stated to hold employees accountable, written record of standards should exist and employees should be advised of the standards before the evaluation occurs. Providing the opportunity for employee to clearly understand the performance standards will enhance their motivation and commitment towards their jobs.

2.7.3 Measuring performance

Once employees have been hired their continued performance and progress should be monitored in a systemic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the already established job performance standards and requirement. The aim of the performance measure is to detect the departure from expected performance level.

2.7.4 Comparing performance with standard after evaluating and measuring employees

Job performance it necessary to compare it with the standard to know whether there is a deviation or not. When one compares performance with the standard either performance match standards or performance does not match the standard.

2.7.5 Discussing appraisal with employees.

For an appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it fair and must be work oriented enough to care about the results (Glueck, 1978). After the evaluation, the rater must describe work related progress in a manner that is mutually understandable. According to Baird et.al (1990), Feedback is the foundation upon which learning and job improvement are based on an organization. The rater must provide appraisal feedback on the result that the employee achieved that meet or exceed performance expectations.

2.7.6 Initiating corrective action.

The last step of the performance appraisal is taking corrective action. The management has several alternatives after appraising performance and identifying causes of deviation from job related standards. The alternatives are 1) take no action 2) correct the deviation, or 3) review the standard. If the problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must analyze and identify the reason why standards were not met. This would help to determine what corrective action should be taken.

2.8 Factors influencing the effectiveness of performance Evaluation

According to Michael Beer (1987) there are three major factors influencing appraisal outcomes. First, the appraisal system can be designed to minimize the negative dynamics causing problems of performance appraisal. The supervisor often has only marginal control over these matters.

Second, the ongoing relationship between boss and subordinate will have a major influence on the appraisal process and outcome. Third, the interview process itself, the quality of communication between boss and subordinate, can help to minimize problems of performance appraisal.

2.8.1 The appraisal system

In order to solve the problem of defensiveness of rates that resulted as a result of conflict in the goals of performance appraisal, raters should conduct two separate performance appraisal interviews –one focused on evaluation and the other coaching and development. The other solution is choosing appropriate performance data. For instance, using behavioral rating scales and behavior related appraisal techniques may solve this problem.

2.8.2 Supervisor-subordinate relations

The quality of the appraisal process is dependent on the nature of the day-to-day boss subordinate relationship. In an effective relationship, the supervisor is providing feedback and coaching on an ongoing basis. Thus, the appraisal interview is merely a review of the issues that have already been discussed. On the other hand, if a relationship of mutual trust and supports exists, subordinates are more apt to be open in discussing performance problems and less defensive in response to negative feedback.

There are no easy techniques for changing a boss subordinate relationship. It is highly affected by the context within which the boss and subordinate work, the broader culture of the organization, and the climate of the primary work group will have important influences on boss-subordinate relationship. If the organization culture encourages participative management, open communication, supports accompanied by high standards of performance, a concern for employees, and egalitarianism, it is more likely that these values will characterize.

2.8.3 The appraisal interview

The best techniques for conducting a particular appraisal interview depend on the mix of objectives pursued and the characteristics of the subordinate. Employees differ in their age, experience, sensitivity about the negative feedback, attitude towards the supervisor, and desire for the influence and control over their destiny.

As Norman R.F.Maier (1958) cited in Michael Beer (1987) there are three types of appraisal interviews each with a distinct specific objective. The differences are important in determining the skills required by the supervisor and the outcomes for employee motivations and supervisor-subordinate relationships. The three methods are termed as: tell-and-sell, tell-and-listen, and problem solving.

❖ ***The tell and sell method***

The aim of this method is to communicate evaluations to employees as accurately as possible. The fairness of the evaluation is assumed and the manger seeks (1) to let the subordinate know how they are doing, (2) to gain their acceptance of the evaluation, and (3) to get them to follow the manger's plan for improvement. In the interview, supervisors are in complete control; they do most of the talking. They attempt to influence and persuade subordinates that their observation and recommendations are valid. Clearly, this method leads to defensiveness, lack of trust, lack of open communication and exchange of in valid information and it can hurt supervisor-subordinates relations.

❖ ***The tell and listen interview***

The purpose of this interview method is to communicate the evaluation to the subordinate and then let him /her respond to it. This method is apt to result in better understanding between supervisor and subordinate than the -tell and sell method.

❖ ***The problem solving interview***

This interview approach takes the manager out of the role of judge and puts him in the role of helper. The objective is to help subordinates discover their own performance deficiencies and lead them to take the initiative in developing a joint plan for improvement. The problem solving interview is best suited to coaching and development objectives of performance appraisal

To summarize, based on the above literature the research report has attempted to explore the different purposes of performance evaluation in theory and practice. Secondly, the research focused on describing and analyzing the problems of performance Evaluation from the perspective of the system itself, the Raters, and the Ratees themselves. Thirdly, the research report tried to address different issues related to performance evaluation problems, especially the feedback and the appeal process.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

Since this study is a case study; it is conducted based on the descriptive research technique to describe the practice of employee performance evaluation in EEPCO specifically at EAAR. Because it is a descriptive research technique, questionnaires and interviews have been used to collect data from employee and management group of the organization. Pilot test had been conducted among prospective employee prior to conducting the actual research in order to assure the effectiveness of the techniques.

3.2 Source of Data and Data Collection Used

The study was conducted by gathering data from both primary and secondary sources. It was also conducted through distributing questionnaires to the selected respondents both from the administration and those at the professional level of the Eastern Addis Ababa Region. The method employed to get the primary information were interviewed and a well-designed questionnaires prepared and distributed to the sample staff members of EAAR. Unstructured interviews as well as focus group discussion with concerned and involved personnel in employee appraisal; such as supervisors, that the researcher believed would easily get unbiased information, were also among the tools the researcher preferred to use to point out how the employee evaluation procedures look like in EEPCO. In this regard, both the discussion and feedbacks were more or less free and fruitful. These discussions which were open and free (observing the facial expression and listening to the tones of the employees while talking about the employee evaluation within their institution) and was just a place to the researcher to collect more information not only about the altitudes of the employees well. Generally speaking, all this opportunity during the information collection process have enabled the researcher to collect more information not only about the altitude and impressions employee evaluation, but also what

EEPCO exactly doing on the ground to evaluate its employee against its documented performance about the issue. The secondary data sources were also obtained from the three year employee performance evaluation document bulletin of the corporation, books, journal's policy, procedures as well as labor law and labor union agreement documents as mentioned earlier.

3.3 Population and Sample Techniques

Currently, EAAR has around 623 (Six Hundred Twenty Three) permanent employees out of 965 (Nine Hundred Sixty Five) total employee, who was located at the region Arat klllo and different districts under the control of the EAAR.

This research targeted permanent employees of the company addressing both at the region and sub-district, hence, performance evaluation focuses on permanent employees only.

Simple random sampling techniques have been used, since the respondents are homogenous and do have equal contribution to the study. Thus, it is difficult to address all permanent employees of the region due to various constraints; this research addressed 100 (One Hundred) of the total permanent employees of the region and interview is conducted to 5 (Five) management group of the region.

3.4 Method of Data Analysis

The study employed manual and computerized data processing activities such as editing; coding, classification and tabulation of the collected data were used. This helps to clean up the detect errors, omission in responses and the questions are answered accurately and uniformly. Finally, the raw data were ready for further data analysis.

Data analysis is the application of reasoning to understand the data that have been gathered from respondents; and the appropriate the analytical technique of the analysis mainly determined by the characteristics of the research design and the nature of the data gathered, (Saunders et al.2009). In line with this, the data collected from the primary source were tallied, systematically organized, tabulated and summarized in item base on tables. Descriptive statistics such as percentage and ranking were the tools used to summarize and analyze the data gathered from the respondents.

3.5 Data Collection Procedures

The issues discussed in the review of literature and the research questions were used as a guideline for the development of in the questionnaires. The questionnaire are open ended (multiple choice and Likert scale) type questions.

In addition, to enhance the willingness of the respondents to provide the information requested a pilot study was conducted to refine and make clear the questionnaire before administering. Beside to make reliable and dependable semi-structured interview questions were designed for the managers or evaluators.

3.6 Assured of Reliability and Validity of Data Collection Tools Used

Reducing the possibility of getting the answer wrong is possible by evaluating the reliability and validity of data gathering instruments employed in the study.

Reliability is the extent to which data collection techniques or analysis producers will yield consistent findings (Sunders et.al, 2009). Ensuring the reliability of the instrument is possible through testing; and the reliability of a standardized test is expressed as coefficients which vary between -1 and +1 with the former reveal perfect negativity reliability and the latter reveals perfect positivity reliability. The cronbach's alpha value of 0.67 and above is acceptable and taken as a good indication of reliability. In this research the Likert scale questionnaires responded by the respondents were tested with the sample of 25 (Twenty Five) employees and the cronbach;s coefficient is 0.93. Hence, the instrument can be taken as highly reliable to achieve its purposes.

According to Sunders, et.al, (2009), validity is the soundness or rationality; whether the findings are really about what they appear to be or the degree to which results obtained from the analysis of the data actually represents the phenomena under the study. The validity of the data gathering instrument is confirmed by the ability and willingness of the respondents and based on the issues which were not properly clear by the respondents were corrected and refined. Lastly the improved questionnaires were printed, duplicated and dispatched.

3.7 Ethical Considerations

All the research participants included in the study were fully informed about the purpose of the study and their willingness and agreement was secured before the beginning of filling the questionnaire and conducting interviews. Regarding the right to privacy of the respondents the study maintained the confidentiality of the identity of each participant. In all cases names are

kept confidential and collective names such as the respondents, the participants, the appraiser, etc. were used in the study.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter deals with the analysis and interpretation of data collected through the data collection instruments. It contains two major parts. Part one presents analysis and interpretation of the data about the respondent's profile. The second part presents analysis and interpretation of data pertaining to the study. Thus, the responses collected from the respondents through the distribution of questionnaires and administration interviews are analyzed and interpreted.

In order to achieve the objective of the study and tackle the key research questions the researcher has tried to conduct a detailed and technical investigation related to the study matter.

In doing so the researcher has collected relevant & reliable data both from primary and secondary sources. And thus, the gathered data have been completed and analyses meaningfully. The analysis results in association with the interpretations are presented as follows.

- A. Tabular presentation of the questionnaire response obtained from the sample designed and distributed voluntary 100 respondents of them 94 (95%) were appropriately filled in and returned. This has been discussed and interview for five (5) appraisers have been used as the supporting documents, combined with secondary data for discussion and recommendations.
- B. Analysis the characteristics of the sample population involved in the study. Hence, the respondents are discussed in term of sex, age, years of services and academic qualification and:
- C. Analysis in the studying light of the theoretical back grand stated in chapter two and finding of the following major variables is analyzed based on the responses obtained from the respondents.
 - 1) The purpose of EPA.
 - 2) Criteria for employee performance evaluation.
 - 3) Pre-appraisal discussion.
 - 4) Frequency of EPA.

- 5) Appraisers and their sources of employee performance data.
- 6) Post appraisal discussions.
- 7) Causes of employee's mistrust and loss of confidence
- 8) Appraisers' participant in employee appraisal
- 9) Opinion of participants on post appraisal situations.
- 10) Respondents view on the right to appeal against unjustifiable ratings
- 11) Respondents view of the current appraisal system

4.2 Respondents Characteristics

This section discusses the demographic profile of respondents and it shows in the table below.

Table 1:- Respondent’s characteristics by sex. Age, years of service and academic qualification.

Item/Descriptions	Frequency of response and percentage	
	No	%
A. Sex:		
a) Male	71	76
b) Female	23	24
Total	944	100
B. Age:		
a) 25 years and below	15	16
b) 26 - 35 years	53	56
c) 36 – 45 years	14	15
d) 46 – 55 years	12	13
Total	94	100
C. Years of service at present		
Post:		
a) 5 years and below	22	23
b) 6 – 15 years	61	65
c) 16 – 25 years	11	12
d) More than 25 years	0	0
Total	114	100
D. Academic qualification		
a) 12 th and above	3	3
b) Certificate	18	19
c) Diploma	61	65
d) BA / BSC	12	13
e) MA/MSC	0	0
Total	114	100

Based on the response obtained as shown in Table 1 the characteristics of the respondents were examined in terms of sex, age, years of experience and academic qualification.

Table 1. Item A and B reveals sex and age distribution of the sample population of respondents, respectively. Respondents who accounted for 71 (76%) were male respondents and the remaining 23 (24%) are female. As regards age, as one can be realized from the data, the work force population is largely dominated by the age group ranging from 20 to 35 years, comprising 68 (72%) of the total. On the other hand, those who fall from 36 to 55 years account for only 26 (31%).

The respondents of EEPCO employees have been working therefore a diversified number of years. As indicated in Table 1 Item 'C' 61 (65%) of the respondents have served for the total of 6 to 15 years, while, those who accounted for 72 (77%) have served 6 years and above. It is therefore; being possible to generalize that, such a relatively extended year of service might have helped respondents to possess rich experience and a better understanding about the various issues and problems of performance evaluation in EEPCO.

From Table 1 Item 'D' as regard their education background it can be understood from the response that 61 (65) possess diploma, 18 (19) possess a certificate, 12 (13%) possesses a first degree and only 3 (3%) are possessed high school graduate. This gives the organization a competitive advantage having qualified and skilled employee.

4.3 Analysis and Interpretation of Data Pertaining to the Study

In order to achieve the objective of the study and tackle the key research questions the researcher has tried to conduct a detailed and technical investigation related to the study matter. Here below is the interpretation of the questionnaire study.

Table 2: - Respondents view on the purpose that EPA should be serving and the purpose that it is currently serving-

Item/Descriptions	Frequency of response and rank order	
	F	R
A. What “should” be the primary purpose of the EPA?		
a) To improve quality of work	42	1
b) To improve employee to their job	28	3
c) To improve employee competence	23	4
d) To reward outstandingly competent employees	29	2
e) To identify employee training needs	1	6
f) To decide on employee promotion	6	5
g) To decide on employee salary revision	2	6
h) To decide on employee transfer	2	6
B. The primary purpose of the current EPA is		
a) To decide on employee promotion	69	1
b) To improve quality of work	18	2
c) To improve employee competence	8	4
d) To improve employee to their job	1	6
e) To decide on employee salary revision	17	3
f) To identify employee training needs	-	-
g) To reward outstandingly competent employees	7	5
h) To decide on employee transfer	-	-

Table 2 Item A and B portray the purpose of a system of EPA “should be serving” and “currently serving” respectively as reported by appraisers. For them to self from, eight possible purposes of the EPA were presented in the list. Thus, the table shows the frequency (f) of responses that each purpose received from appraises and the corresponding order(R)

Although the performance appraisal is conducted to rate employees performance, its ultimate purpose is to direct the efforts of all employees towards the achievement of organizational objectives and goals. As it mentioned in the literature, perhaps the most critical phase in the design of and system of performance appraisal is determining its purpose, and these purposes could be grouped into two categories. Administrative and developmental purposes viewing in the light of this, respondents were asked to identify the purposes of a system of employee performance evaluation “should” primarily service as indicated in table 2 item A respondents agreed that the primary purpose of the EPA should be to improve quality of work as it is prioritized and ranked second and third were to reward outstandingly competent employees and to improve employees to their job respectively.

Furthermore, respondents were asked to indicate the purpose which the current system of EPA in EEPCO is primarily serving, as reported in Table 2 item B, accordingly majority of the respondents agreed that the current system of EPA has been serving to make personnel decisions an employee promotion as it first priority. Ranked second and third were the purposes of improving quality of work, and employees’ competence respectively. It would be, therefore, concluded that the current system of EPA has been perceived by the respondents to be primarily administrative in purpose rather than developmental.

Table 3: Response on the degree of validity and reliability of performance evaluation criteria, job relatedness and employee’s level of satisfaction-

Item	Responses							
	To great Extent		To some Extent		Neutral		To less Extent	
	No	%	No	%	No	%	No	%
A. To what extent do you think the current EPA in the company is valid and reliable?			61	65			33	35
B. To what extent are you satisfied with the appraisal criteria indicate in the form?			7	7			87	93
C. To what extent are the evaluation criteria job related?			16	17			78	83

Table 3: reveals that perception of respondents regarding the criteria of the current system of EPA in EEPKO. Shown above are, therefore the number of responses and the total percentages computed as per the report given by the study group. Performance appraisals are intended to evaluate the performance and potential of employees. As indicated in chapter two, for an appraisal system to contribute to personal program, measuring criteria should possess validity and reliability and should be job related. The greater the reliance on objective measurement of performance are, the greater the validity of the evaluation. When more subjective criteria are used the evaluation becomes less valid for decision making and career guidance. Moreover respondents are more effective if measure of an employee’s performance in terms of how well specified job standards are met. To this end, the perception of respondents about the criteria of the current system of employee performance was considered in this study.

As it is shown in Table 3 item A that majority of respondents who account for 61 (65%) reported that, the criteria or standards against which employees' performance has been regarded as considerably to some extent generate as accurate performance evidences as could be expected. Hence, respondents would have perceived the performance criteria under use to be considerably

competent to help in making objective personnel decisions and enhancing the improvement of employee performance.

Respondents' level of satisfaction with performance criteria as revealed in Table 3, item B, almost all respondents 87 (93%) indicate that the current performance criteria haven't been compatible to significant degree. It would be, therefore, possible to conclude that employee performance has been appraised with inappropriate criteria, which appraiser perceived to be considerably not adequate to accomplish the tasks of employee evaluation.

Are criteria being used in EEPCO job related? As revealed in Table 3: Item C, 78 (83%) of the respondents reported that the criteria being used are not job related. It could, therefore, be suggested that there are items in the criteria, which are not directly related to the job.

Table 4 Respondents' view regarding pre-appraisal arrangements-

Item/Descriptions	Frequency of response and percentage	
	No	%
A. How often do appraisers arrange pre-appraisal meeting?		
a) Often	-	-
b) Sometimes	-	-
c) Neutral	2	2
d) Not at all	92	98
Total	94	100
B. Are you allowed to Participate in the appraisal Process?		
a) Yes, always	-	-
b) Yes, sometimes	-	-
c) Neutral	-	-
d) No, not at all	94	100
Total	94	100

As indicated in the literature review, pre-appraisal discussion with employees is a vital condition on the process of employee evaluation. But as you can see from Table 4, item A, almost all respondents accounted for 92 (98%) responded that, the pre-appraisal discussion is absent in the company.

In fact, employee participation is regarded as essential for employee performance evaluation. Because, among other things, it has been better when appraisers and employees would have a common understanding about what to achieve through appraisal that employees, cooperative

participation in the appraisal process can be encouraged. As shown in Table 4- item B, however, all of respondents 94 (100%) reported that there is no way for employees to participate in the appraisal process. Therefore, it could be concluded the two points mentioned above are absent the company. It indicates that EEPCO has been working with an evaluation system which is not clearly defined, specified and communicated to employees, and this might have ultimately affected person's expectation in evaluation, his/her reaction to the evaluation, and behavior afterwards.

Table 5: Responses of frequency of EPA-

Item/Descriptions	Frequency of response and percentage	
	No	%
How often does performance evaluation take place in EEPCO?		
a) Once a year	-	-
b) Twice a year	94	100
c) Four times a year	-	-
d) More than four times	-	-
Total	94	100

The objectivity of employee performance data would be significantly influenced by the frequency of EPA. The theoretical background regarding EPA confirms that the frequency of EPA determines, among other things, the purpose underlying appraisal scheme. Moreover, it has been indicated that EPA is designed either for developmental or administrative purpose. In light of this, employees asked to identify issues regarding frequency of EPA and it would be entertained next.

As shown in Table 5, all of respondents 94 (100%) reported that the employee performance evaluation has been taking place twice a year. According Monday, 1990, at literature, successful

organization have daily, weekly and monthly employee evaluation by the help of balance automatic scored card. In this regard, the current system of EPA in EEPCO would hardly be considered as a developmental in purpose since it would be very difficult to secure comprehensive data on employees' performance with only two sessions.

Table 6: whether employees had trust and confidence in appraisers-

Item/Descriptions	Frequency of response and percentage	
	No	%
Do you have trust and confidence in appraisers		
a) Strongly agree	-	-
b) Agree	6	7
c) Agree to some extent	11	12
d) Neutral	-	-
E Disagree	77	81
Total	94	100

Table 6, reveals that if the evaluated employees have trust and confidence in their appraisers. In this regard, most of the respondents accounted for 77 (81%) have no trust and confidence on their appraisers. Based on the negative (disagree) response reported by 77 (81%) respondents, the rank order of the major causes of employees' mistrust and loss of confidence in their oppressors has been listed and are shown in the table on the next page.

Table 7:- Respondents' view on causes of employees' mistrust and loss of confidence-

Sources	Frequency of response and rank order	
	F	R
Employees' lack of trust and confidence system from their perception that appraisers:		
a) Maintain bias and favoritism	54	1
b) Don't see the value of the appraisal	7	2
c) Don't have skills appraisal	2	4
d) Don't have adequate time to appraise	1	5
e) Are unwilling to appraise	13	3

As noted in the literature by Hartmann, F. (2010) , a well-designed evaluation system may ultimately prove ineffective due to the little knowledge of skill on the side of raters. It is the interest of this part of analysis, therefore, to examine cases pertaining to those appraisers who were actually involved in employee performance evaluation schemes of EEPSCO. How adequately were they knowledgeable, and skillful to undertake the evaluation?

As reported by respondents, on Table 7, the practice of bias and favoritism by appraisers was ranked first by 54 respondents out of 77 employees, who responded that they had no trust and confidence on their appraisers as shown in Table 6. Ranked second and third are unwilling to appraise and don't see the value of appraisal respectively. Hartmann, F. (2010) indicates that such problems with the appraiser stem mainly from absence, or if any, inadequacy of training and retraining programs for appraisers. The problem would have been minimized had been relevant pre and in service training problems for appraisers to adequately acquaint themselves with the purpose, criteria, process and procedures of EPA. It would be, therefore, perceptible from the above findings that EEPSCO would have a challenging job to perform in providing orientation of training for all those involved in employee performance evaluations since, performance appraisal has to contribute to the improvement of employee performance.

Table 7:- involves responses of appraisals to sources of employee performance data in the terms of frequency of use. In this case, frequencies of responses obtained from respondents were considered to set the sources in order of rank.

Immediate supervisors might have been the major source of objective job related data on employee, performance particularly among other things the key result areas or employee performance that should be appraised were specified in agreement with employees. However, appraisers to commit appraisal errors since it would be open the door wide for them to heavily rely on personal bias and favoritism. And the end result would have been employees mistrust and lack of confidence in their appraisers and performance ratings.

According to the interview conducted with supervisors, the note taking practice on employees' daily performance (that is what is called critical incident technique) might have been useful for appraisers to avoid decency bias. But, appraisers, daily record would be very difficult to handle since it might not be employed consistently, and since appraisers often fail to delineate critical areas of employees' performance which should be subjected for appraisal.

Table8: - Respondent's response on participants in employee appraisal-

Sources	Frequency of response and rank order	
	F	R
Who are the sources of employee performance data?		
a) Immediate supervisors	94	1
b) self- appraisal	-	-
c) Peers- appraisal	-	-
d) Subordinate appraisal	-	-

The appraiser may be any person who has through knowledge about the job contents to be appraised, standards of contents, and who observes employees while performing the job. As indicated in Table 8, all respondents' appraisers or immediate supervisor. As one can see in the literature one way appraisal system may have some effects that leads to mistrust the appraiser.

Table 9 Respondents’ opinion towards post appraisal situations-

Item/Descriptions	Frequency of response and percentage	
	No	%
A. Appraisers and appraises hold post appraisal conference		
a) Yes, always	-	-
b) Yes, sometimes	7	7
c) Neutral	-	-
d) No, at all	87	93
Total	94	100
B. Timing of post appraisal conferences:		
a) Immediately after appraisal	2	29
b) After appraisal	-	-
c) Whenever an employees’ request for them	1 4	14 57
d) Whenever appraises feels it appropriate	7	100
Total		
C. Appraiser's point of discussion often focuses on:		
a) Performance weakness	2	29
b) Performance strength	-	-
c) Both strength and weakness	5	71
Total	27	100
D. The advice, guidance, or support of appraises often focuses on:		
a) How to improve weaknesses	7	64
b) How to maintain good performance	3	27
c) How to capitalize on strong performances	1	9
Total	11	100

Post appraisal interview is an essential component of an appraisal system designed to provide employees with feedback information to be used for improvement of future performance. According to the appraisal policies of EEPCO and interview conducted by designated appraisers, each employee has the right to know and discuss with the supervisor about the results of his/her performance. Informing appraisal results is helpful to employees because it helps not only to develop their strengths, but also to take action on their weakness.

In this regard, employees were asked whether post appraisal conferences were held or not, as shown in Table 9 item A. As per the responses obtained, however the majority of respondents 87 (93%) reported that no-post appraisal conference was held in EEPCO. It would be, therefore, realized that most employees were deprived of feedback about their past performance. They had no opportunity to discuss with their appraisers and comment on how their performance was appraised. They had no opportunity to identify the aspects of their performance on which their rating was based. They were also (specific performance targets). Appraisers would expect them to perform in the subsequent appraisal process.

As depicted in Table 9 item A, it was only 7 (7%) of respondents who reported that post appraisal discussion were held between appraisers and employees. Based on this response, the timing of post appraisal discussions and focus of discussions were examined.

It was indicated by Armstrong, M. (2010), that the results of the evaluation along with suggestions for improvement, should be communicated to employees as soon as feasible before anxiety and frustration in them. But this was a rare case in EEPCO. Since, such a practice was reported only 2 (29%) of respondents, as shown in Table 9 item B.

About more than half of the respondents who accounted for 4 (57%) pointed out that post appraisal discussion were often held based on the good will of appraisers to do so. There were also situations in which employees themselves initiated post-appraisal discussions while it should have been the responsibility of appraisers to regularly call appraises for such discussions. In general the scheduling of post-appraisal conferences might be regarded as haphazard and uncoordinated since, in many cases, they were not held immediately and consistently after appraisal, probably causing a feeling of anxiety and frustration on the part of employees.

As revealed in item C of Table of 9, the discussion points on which appraisers often focus in post appraisal conferences were both performance weakness and strength of employee and this was confirmed by 5 (71%) of respondents existence such practice would, therefore, suggest that negative as well as positive performance comments and criticisms would have been well perceived by employees to be essentials for the improvement of their performance.

Lastly, as it has been described in chapter two, initiating necessary corrective actions is an important aspect in the appraisal process. It includes guiding, counseling and coaching the employee in order to ensure improved performance. In this regard, this study also tried to identify which areas of action programs were adopted by the organization understudy and it has been depicted in table of item D According to the response obtained, majority of respondents 71% reported that the advice or guide of most appraisers often focus on how employees' performance weaknesses would be improved. Thus, it would be concluded that the emphasis of appraisers was more on remedial action program than on maintenance and developmental once.

Table 10: Respondents view on the right to appeal against unjustifiable ratings.

Item/Descriptions	Frequency of response and percentage	
	No	%
Do you have a procedure for perusing your grievances about the appraisal result?		
a) Yes, always	-	-
b) Yes, sometimes	2	2
c) Neutral	-	-
b) No, at all	92	98
Total	94	100

Appraisal system requires a formal procedure to be developed to permit employees to appeal appraisal results that they consider inaccurate or unfair. Viewing in the light of this, employees were asked whether they have the right to appeal against unjustifiable ratings. Based on the

response total percentages were computed and are shown in Table 10 above. Appraisers, performance ratings would be considered in this part of the analysis. In relation to the case, what would be the ratings of appraisers, and to what extent employees have the right to appeal against unjustifiable ratings would be entertained.

As per the interview conducted with supervisors, it was found out that the performance ratings of appraisers in EEPSCO were well above average. That would imply that most appraisers were lenient in their ratings. Such upward biased employee performance ratings might have been preferred by appraisers in an aim of motivating employees to it intentionally not to spoil their report with employees

In a similar case, appraisers were required to report whether there is a procedure for them to pursue their grievances to unjustifiable ratings if any. In this regard, Table 10 portrays the response of 92 (98%) of respondents who reported that employees don't have ways to show their feelings of complaints about the appraisal results if they would think they were treated unfairly. Thus, it would be safe to conclude that there is no dual process whereby the employees exercise the right to appeal against unjustifiable ratings of their oppressors.

Table 11: Respondents view in the current employee performance appraisal (EPA)-

Item/Descriptions	Frequency of response and percentage	
	No	%
A. How do you rate the appraisal system of your organization in improving employee performance?		
a) High	-	-
b) Moderate	18	19
c) Low	76	81
Total	94	100
B. The current system of EPA is:		
a) Unnecessary ; thus, should be abandoned	26	28
b) Necessary ; but, should be revised	68	72
Total	94	100

This final section of the analysis considers the opinion or perceptions of respondents about the overall system of EPA operating in EEPKO. It also involves the recommendations that respondents would give on issues of “what should be done with the current system of EPA”

One could see in Table 11- item ‘A’, that, the level of satisfaction indicates the majority of respondents 76 (81%) responded that the system of EPA operating in EEPKO was low. Only 18 (19%) of the respondents reported that the current EPA is Moderate. This would indicate that the organization under study would have been regarded as having little contribution to the improvement of employee performance. In this case, the current system of EPA in EEPKO would have been simply made to happen without receiving adequate acceptance and commitment would be dysfunctional to achieve the purpose designed. In addition, employees were requested to give recommendations on issues of what should be done with the current

system of EPA. It indicated in Table 11, item B, that respondents who accounted for 68 (72%) believed that the system of EPA currently operating in EEPCO should not be abandoned for good, but for it to be operating effectively it must be revised. In spite of their dissatisfaction with the system of EPA they have experienced would have well perceived the inevitability and potential value of EPA for the improvement of employee performance. It would be therefore concluded that a system of EPA, which would be adequately designed and operated. Would receive acceptance and commitments of all those involved and this would be, of course, indispensable for those involved and this would be, of course, indispensable for a system of EPA to be effective.

CHAPTER FIVE

5. Summary, Conclusion and recommendations

This final chapter of the paper deals with the summary of the major findings of the study. Drown from these major findings of the study, conclusions are presented, and recommendations which the investigator assumes to be operational are also forwarded.

5.1 Summary

- 1.As perceived by appraises, the primary purpose of EPA “Should” be to improve the quality of job and employees’ competence and to motivate employees to their jobs. These are all developed in the purposes of the EPA. However, in identifying the primary purposes that the current of EPA “is” serving in EEPCO, appraiser placed the purpose of making decisions on employees’ promotion as its first priority. This is one of the administrative purposes of a system of EPA
- 2.The majority of appraises perceived that the criteria of the current system of EPA is valid and reliable but not job related
- 3.Responses from most of appraises revealed that no reappraisal discussions were held between appraises and appraisers, moreover, employee participations in appraisal process were reported by employees to be absent in EEPCO.
- 4.It was confirmed by a majority of appraises that employee performance evaluation in EEPCO took place on an average of twice a year.
- 5.Most appraises perceived that there was no feeling of trust and confidence in the appraisal tasks of their appraisers’ practice of bias and favoritism. Moreover appraiser’s lack of skills in EPA and their failures to see the value of appraisal were also regarded as having their own contributions for employees to develop such an adverse attitude towards their oppressors.

The majority of employee performance data often used in EEPCO was reported to be immediate supervisors, they were considered as the most potentially valuable sources in generating objective employee performance data

6.No regular post-appraisal conference were held in EEPCO according to the responses of most appraises. In cases where post appraisal discussions were reported, they were often held based on the good will of appraisers, and were conducted infrequently.

7. As reported by a considerable majority of appraises, discussions on post-appraisal conferences often focused on both performance weakness and strength of employees. However, appraisers often render support and advice to employees to improve weak performance, but not to maintain or capitalize on strong performances.

8.Almost all appraisers confirmed that performance ratings of employees were above average.

As reported by the majority of appraises, they were no ways to show their feelings of complaints about the appraisal results if they would think they were rated unfairly

9.More than half appraises rated their level of satisfaction with the system of EPA currently operation in EEPCO as low. Nevertheless, a great majority of appraises perceived the potential value of the system. But for it to function effectively, they recommended necessary revisions to be made on it.

5.2 Conclusions

1. In their perception about the purposes that a system of EPA “should serve, appraises placed administrative purposes in rank of priority, on the other hand, they found a system of EPA operating in EEPCO to be primarily administrative in purpose. It would be, therefore, realized that the current system of EPA has been operating to accomplish purpose contrary to what appraises would have expected to be.
2. The criteria against which employees’ performance has been measured were regarded to be considerably not adequate to generate accurate and objective performance evidence. As a result, most appraises did not satisfied with performance criteria under use it would be there therefore, possible to conclude that the criteria were perceived to be considerably not competent to generate objective performance data.
3. Pre-appraisal discussions were reported to be non-existent in EEPCP. In this regard, EPA would have been simply made to happen in an unplanned an uncoordinated manner without providing employees with essential firsthand knowledge about the appraisal processes. It would be, therefore, evident that the employees would have been reluctant, or possibly resistant to cooperatively participate in subsequent processes of appraisal scheme, and ultimately, would have been encouraged undervaluing the system EPA.
4. It has been indicated that EPA operations in EEPCO infrequently conducted. Thus, since infrequent appraisal would not guarantee comprehensive employee performance data, employee might have felt that probably developed in them the feeling of mistrust and loss of confidences in their appraisers and performance ratings those appraisers might have presented them.
5. Most appraises did not have trust and confidence in their oppressors. This would probably be the lack of the required knowledge and skills in performance evaluation, data collection and analysis, and conferencing on the side of appraisers. They might have heavily relied on their personal impression in judging employee performance, and this, in turn, would have encouraged appraisers to maintain bias and favoritism in appraisals. Above all, appraisers had no exposure to training and retraining programs. The ultimate consequence would, therefore, have been employees’ mistrust and loss of

confidence in the competence of their appraisers and performance ratings they might have produced.

6. It was found out that post appraisal conference had been of EPA, which ignored a post-appraisal discussions, would obviously be regarded as dysfunctional. In such schemes of EPA, the employee would have been deprived of adequate feedback about their past performance of a forum to express their feelings and to comment on how and which aspect of their performance had been appreciated or rated, and of opportunities to jointly set specific performance targets which they would be expected to perform in the subsequent appraisal process.
7. Most appraisers proved to be lenient in rating the performance of employees. High rating might have been regarded by appraisers as motivating factors for employees to improve performance of as a means of keeping appraiser-appraise report healthy.
8. Most appraisers have been to a great extent dissatisfied with the current system of EPA. This system would have been, therefore regarded by employees as having a little contribution to the improvement of employee competence. As a result, the system would have failed to win acceptance and commitment of appraises, which ultimately might have caused the malfunction of the system. However, in spite of their dissatisfaction with the current system of EPA, appraises recommended the continuity of a system's operation, but with necessary revisions to be undertaken in which employees would meaningfully participate. This would, therefore, suggest that appraises might have been optimistic in perceiving the value and inevitability of EPA to improve Employee performance. Hence it would be possible to conclude that employees would be cooperative and committed to the successful operation of the scheme of EPA if the purposes and criteria of the system, skill and competence of appraisers, and the appraisal processes were systematically designed and operated in a way acceptable to them.

5.3 Recommendations

- 1.The two conflicting purposes; administrative and developmental which the current system of EPA attempts to achieve simultaneously with a single appraisal form, need to be separated because the criteria, appraisers and processes designed to one purpose would not equally serve the other.
- 2.The performance criteria of the current system of EPA need not to be encouraged in conformity to the purpose desired. It is not job related and it should not be forgotten that employees should meaningfully participate in the process of establishing criteria to win their acceptance
- 3.A system of EPA should be conceived as an integral part of organizational programs of EEPCO. Hence supervisors should endeavor to make EPA schemes more systematic and carefully planned. The systematization and planning of EPA schemes begin at the initial or preparatory steps in the appraisal process (pre-appraisal discussions). Since pre-appraisal meetings help to bring employees and appraisers to gather to discuss the purpose and criteria of the system of EPA, and to decide on the techniques, procedures, and approaches to be employed in the subsequent states of the appraisal process they form the outset develops in the mutual understanding, and a feeling of trust and confidence. Thus, supervisors should call for pre-appraisal meetings periodically and consistently if EPA were to succeed through cooperation and commitment of employees and appraisers.
- 4.To contribute to the successful operation of a scheme of EPA and to secure valid and reliable data on employees' performance, it should be ensured that the appraisal scheme be undertaken as frequently as possible.
- 5.To make the EPA scheme more objective acceptable to employees, and hence, helpful in improving employees' competence, multiple appraiser approach in collecting comprehensive employee performance data needs to be introduced. For instance, peer, self-appraisal, and subordinate appraisal methods may provide additional performance data. These methods would help to avoid appraisal by personal impression, and hence reduce to a greater extent personnel bias and favoritism in appraisal. It should be noted,
- 6.However, that the introduction of these methods in a scheme of EPA need to be discussed and again acceptable for employees.

Most important and worthy of recommendation to make a scheme of EPA effective is the need for providing designated appraisers with adequate training. Short and long-term training and retraining programs need to be arranged for appraisers to acquire adequate knowledge and skill in a various areas like performance data collection and analysis, conferencing and other relevant technique of EPA.

Finally, post appraisal discussions between appraises should be held consistently and immediately after appraisal before employees develop in them a feeling anxiety and trust ration. Appraisers in post-appraisal meetings should provide employees with specific performance feedback, should allow them to express their feelings freely, and should render them constructive suggestions, support, and advice to help them improve their performance.

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Appendix I

Questionnaires for Employees

Dear Respondents:-

This questionnaire is designed to collect information towards an employee performance evaluation system in EAAR. The information shall be used as a primary data in my case research which I am conducting as a partial requirement of my study at St's Mary University college for completing my MBA.

The research is to be evaluated in terms of its contribution to our understanding of the practices of organizations in contemporary Ethiopia and its contribution to improvements in these practices. Therefore, I will be willing to submit a copy of my final report to you when it is ready. As this project is a case study, I will be willing to get your permission for the release of the information even when it is meant for academic use if such permission is required by your organization.

Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the project.

General Instructions

- _ there is no need of writing your name
- _ in all cases where answer options are available please tick (a) in the appropriate box.
- _ for questions that demands your opinion, please try to honestly describe as per the questions in the space provided

Thank you, for your cooperation and timely response in advance

PART I: Participant Information

1.1. Demographic difference

1.1 Age 21-30

31-40

41-50

51 and above

1.2 sex Male Female

1.3 Academic qualification

M.A /M.SC

BA/BSC

Diploma

Certificate

12th grade of below

1.4 Number of years of service at your present post

1-10 Years

11-20 Years

21-30 Years

More than 30 Years

PART II: Questions related to the practices of performance Evaluation

Listed below are statements about the practices of Employee performance Evaluation in your organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable me to assess what you think about the practices of performance evaluation in your organization

1. Questions 1

Questions 1	Responses							
	Too great Extent		To some Extent		Neutral		To less Extent	
	No	%	No	%	No	%	No	%
A. To what extent do you think the current EPA in the company is valid and reliable?								
B. To what extent are you satisfied with the appraisal criteria indicate on the form?								
C. To what extent is the evaluation criteria job related?								

2. Are you allowed to participate in the appraisal process

- a) Yes, always c) Neutral
- b) Yes, sometimes d) No, Not at all

3. Do appraisers and employees hold post-appraisal meetings to discuss employees appraisal results?

- a) Yes, often c) Neutral
- b) Yes, sometimes d) No, Not at all

Question 4, If Your answer to question no 3 is yes, when do post appraisal meetings take place
(Please tick as many as you think for question number 4)

- A. Immediately after appraisal
- B. After many days of appraisal
- C. Whenever employees request for it
- D. When the appraiser feels it appropriate

Question 5, Post appraisal discussion often focuses on

- A. Performance weakness & the employee
- B. Performance strength of employed
- C. Both weakness and strength & employee

Question, How often does performance evaluation conducted in your organization?

- A. Once a Year C. Four times a Year
- B. Twice a Year D. More than four times a Year

Question 7, The advice or supports of appraisers often focus on:

- A. How Weakness of performance can be improved
- B. How acceptable level of performance can be maintained
- C. How the Strength of performance can be capitalized

Question 8, As far as you know what are the major source of appraisal evidences often used

- A. Peer C. Self appraisal
- B. Subordinate D. Immediate supervisor

Question 9, Rank the following alternatives from the least 1 point to the highest 5 points on what “ should” be the primary purpose of employee performance appraisal?

	1	2	3	4	5
A. To improve quality of work					
B. To motivate employee to their job					
C. To improve employee competence					
D. To motivate employees to their job					
E. To identify employee training needs					
F. To identify employee training needs					
G. To decide on employee Salary revision					
H. To decide on employee transfer					

Question 10, Rank the following alternatives from the least 1 point to the highest 5 points on the primary Purpose of the current employee performance appraisal is?

	1	2	3	4	5
A. To decide on employee promotion					
B. To improve quality of work					
C. To improve employee competence					
D. To reward out strongly competent employees					
E. To identify employee training needs					
F. To decide employee salary revision					
G. To reward outstanding, competent employees					
H. To decide on employee transfer					

Question 11, If you feel dissatisfied with the current appraisal scheme, what do you recommend?

- A. It is unnecessary, therefore, abandon it
- B. It is necessary ,however, it should be revised
- C. Others if any (please specify) _____

Question 12, Do you have trust and confidence in appraisers?

- A) Yes, I have strong trust and full of confidence
- B) Yes, to somextent
- C) Neutral
- D) No, I have no trust and confidence

Question 13, If your answer to question number 13 is 'NO' (Please tick as many as you think of question number 13)

- a) Maintain bias and favoritism
- b) Don't see the value of the appraisal
- c) Don't have skills appraisal
- d) Don't have adequate time to appraise
- e) Are unwilling to appraise

Question 14, Does the organization conduct pre-appraisal meetings to appraisers and employees to discuss the appraisal process?

- a) Often, yes
- b) Yes, sometimes
- c) Neutral
- d) No, Not at all

Question 15, Do you think that employees evaluated and appraised base on his/her performance rather than his/her personality

- c) Often, yes
- c) Neutral
- d) Yes, sometimes
- d) No, Not at all

A. If yes, please specify your reason_____

B. If No, specify your reason_____

Question 16, . In general, how do you rate the appraisal system of your organization in improving employee performance?

- A. High
- B. Moderate
- C. Low

Appendix II

Interview Questions for appraiser

Dear Respondents:

This questionnaire is for evaluation of Performance appraisal of employees and your response will not be used other than the research purpose. So, you are kindly requested to give response honestly.

Thank you in advance.

1. Do you think that employees have a procedure for pursuing their grievances and having them addressed objectively?
2. How for the system of performance appraisal of your organization enables to maintain and promote its employees?
3. Do you think that the current appraisal system in your organizations appreciated or abortive?
 - A. If appreciated why? And
 - B. If abortive why? And do you recommend some ways how it will be redesigned?
4. What are the main purposes of performance appraisal in your organization?
5. In what range has done performance ratings of the majority of workers in your organization often fail?
6. What kind of evaluation criteria (form) do you use in your organization? And do you recommend some additional statement that included in the form?
7. Which appraisal technique do you use in the organization?

