



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**EMPLOYEES PERFORMANCE APPRAISAL PRACTICES AND PROBLEMS:
THE CASE OF SAVE THE CHILDREN ETHIOPIA**

**By
EDEN ASSEFA**

**NOVEMBER, 2013
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Mr. Goitom Abraham All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has been submitted part for the fulfillment of a specific course Business Research method while I was a first year student in St. Mary's University.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor. _____

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NOVEMBER, 2013

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ABSTRACT

In today's competitive world of business, human resource is the main resource companies take a competitive advantage therefore, proper management of this resource is crucial for the success of an organization. More than ever, in today's climate of heightened expectations, performance appraisal system is receiving greater attention of human resource managers and decision-makers are expected to meet the interests of both employees and employers. They play multifaceted roles in setting the direction for employers regarding taking decisions about their employees. Many organizations have moved towards making performance appraisal more effective for their decision making and holding their employees more accountable for results. As a result, employee's performance and the way they are appraised, requires greater attention. Having this in mind, the study has been conducted in Save the Children to assess the problems encountered in the implementation of performance appraisal by focusing on practical challenges faced in the implementation of performance appraisal and to give practical feedback for correcting them. To undertake the study both primary and secondary data were used. A survey questionnaire with five point Likert scale is a main tool for gathering primary data. 130 participants from the head office were participated in filling the questionnaires. Accordingly, the data gathered were analyzed using micro soft excel and SPSS software. In the study, performance appraisal is seen to be implemented in a biased manner based on proximity and mixed interests for punishing employees performing at the lowest status. Thus, in order to create competitive working conditions and systems of balanced benefits for employees, performance appraisal should be understood very well particularly by heads of human resources and supervisors; and, should be implemented in the desired way for the desired purposes.

Key word; *Performance Appraisal, Save the Children, Human Resource Management*

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LIST OF ACRONYMS

CO	Country Office
HR	Human Resource
HRM	Human Resource Management
INGo	International Non-Governmental organization
LM	Line Managers
MBO	Management By Objective
PA	Performance Appraisal
SC	Save the Children
SMT	Senior Management Team
SHRM	Strategic Human Resource Management
SPSS	Statistical software for social Science

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Among the important recourses we have in an organization such as manpower, material, capital and information, the human power takes the highest share. As Towers, B 1998 said the human resource function is increasingly important in shaping the new organization in which quality and commitment of people are crucial to survival (Towers, B 1998). That means it is people who are the primary cause for both positive and negative outcome in an organization, the success of most organizations sooner or later is determined by the performance of human power. Once proper recruitment and selection procedures are undertaken, measuring the performance of the employees on a regular basis will follow as long as the organization operates and exists this is when the concept of performance appraisal emerges.

Even if every aspect of human resource needs to be addressed performance appraisal is more crucial and difficult, so it needs to be assessed carefully in order to reduce related risk associated with implementation of performance appraisal method in an organization. If performance appraisal in an organization is loosely handled and lacks proper attention, it will have a severe outcome to the organization by raising employees' turnover, reducing production or services etc. This is because it is centrally linked to the motivation of employees. Therefore, great care should be taken when adopting the performance appraisal method in any particular organization. Research indicates that most organizations in the highly civilized nations like for instance the United States of America have been applying performance appraisal methods as a standard practice in their managerial roles even in the nineteen thirty's (Towers B. 1998).

According to Goyal (2002) employee's performance appraisal technique is said to have been used for the first time during World War I, when Walter D.scott of the U.S. Army

adopted the man-to-man rating system for evaluating military personnel. Now merit rating is largely restricted to the rating of hourly paid employees and is used for developing criteria for wage adjustments, promotions, transfer, etc. Performance appraisal places emphasis on the development of individual and is used for evaluation of technical, professional and management personnel and it can be used as a motivational instrument of organizations. Although there have been countless studies undertaken on performance appraisal both nationally and internationally, its application in nongovernmental organization is rare. Therefore, this study aims to assess employees' performance appraisal system in Save the Children International Addis Abeba country Office.

1.2. Statement of the Problem

More than ever, in today's climate of heightened expectations, performance appraisal system is receiving greater attention of human resource managers and decision-makers worldwide they are expected to meet the interests of both employees and employers. Many organizations have moved towards making performance appraisal more effective for their decision making and holding their employees more accountable for results.

As it is in many developing countries, there are quite a large number of non-for profit international organizations that are working to support the development activities in Ethiopia. A number of international non- for- profit organizations are opening more offices in the country which has created fierce competition in the sector and they are expected to recruit and retain qualified and self-motivated staff in order to be competitive in the current market. Save the Children is an international non-for profit organization which is operating in Ethiopia since the 1930. It is the leading independent non-for profit organization working for children in need, with the aim to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives by improving their health, education and economic opportunities. However, this aim cannot materialize in the absence of proper staff performance appraisal.

One of the current problems of Save the Children is lack of understanding about performance appraisal related to this problem. It should be conducted at all organizations in similar manner. Non- governmental organizations' performance appraisal needs attention because it is the foundation for making promotion, transfer, career development and for education opportunity. However employees of Save the Children do not seem to be comfortable with the current evaluation process. They complain that the performance appraisal system has a gap; they also reveal that in some case the criteria set for performance appraisal are incomplete. So, the main complaints arise from employees in the usual system of the performance appraisal mechanism. This may lead the workers to be inefficient and ineffective in various aspects. Therefore, this research is designed to investigate issues related to performance appraisal system in Save the Children Addis Ababa country Office.

1.3. Research Questions

This study is designed to assess issue related to performance appraisal system in Save the Children Accordingly, the study focuses on seeking to the following basic questions:

1. How is performance appraisal carried out in the organization?
2. What is the purpose of performance appraisal at Save the Children?
3. What is the perception of employees on the performance appraisal system of the organization?
4. What are the major employee performance appraisal problems of the organization?

1.4. Objectives of the study

1.4.1. General Objective

The general objective of the study is to assess the current performance appraisal system of the organization and determine the challenges associated to it. Specially, the study focused on the methods of appraisal used by the organization and the level of employee involvement in the appraisal process. The study also

examined the effect of employee involvement and the manager subordinate relationship in the appraisal process.

1.4.2. Specific objectives

The specific objectives of the study include the following:

- To investigate how performance appraisal is practiced in the organization.
- To examine the purpose of performance appraisal at SC.
- To assess the relevance of the criteria/instruments used to conduct performance appraisal in the organization capability of measuring the employees' true performance in SC.
- To explore the potential sources of problems underlying the performance appraisals system in the organizations.

1.5. Definition of terms and concepts

Performance Appraisal: - It is a continuous process of evaluating an employee's achievements within a specific period of time against the set of requirements of an assigned job. The process helps to identify, measure, and develop the performance of individuals and teams. (Cascio, 2006)

Sincere Praise: A performance evaluation is an opportunity to tell an employee that he/she is doing a good job and that you appreciate their contribution. Mentioning these specifics shows your workers that you notice their individual skills and talents and encourages them to continue developing the strengths. (Cascio, 2006)

Insincere Praise: Many employees who are not doing well are aware of their substandard performance on some level, and they welcome the opportunity to hear specifics about how they can improve. An employee who is not aware that he is failing to perform up to par will not benefit from a falsely enthusiastic performance appraisal, either, because it offers him no useful feedback. (Cascio, 2006)

Constructive Criticism: Constructive criticism can be beneficial to an employee's morale, provided you deliver it artfully. By offering constructive criticism as part of an appraisal, you offer your employee a chance to grow and learn." (Cascio, 2006)

Benchmarks: Your employee appraisals will be most likely to motivate your staff if you offer specific benchmarks and criteria for improvement. If you say, "You need to speed up," you are less likely to motivate your employee than if you tell him that over a given amount of time his productivity should improve to the point that he produces a given number of widgets per hour. By setting a goal and allocating a period of time, you give him the tools to gauge his progress. (Cascio, 2006)

90o Appraisal: The employee evaluates himself and shows his strengths and achievements or his boss evaluates him. (Self or Boss). (Cascio, 2006)

180o Appraisal: The employee and the boss evaluate his performance on a monthly basis. (Self and Boss). (Cascio, 2006)

270o Appraisal: The method wherein the employee is evaluated by 3 persons, himself, boss and co-workers. (Cascio, 2006)

360o Appraisal: Also known as 'multi-rater' feedback, where feedback about employee's performance comes from a Supervisor/superior, co-worker, client/customer, subordinates and the self-assessment of the employee himself. (Cascio, 2006)

720o Appraisal: As the name itself suggests, in this method, the 360o appraisal method is practiced twice. First the 360o appraisal is done, where the performance of the employee is analyzed and having a good feedback mechanism, the boss sits down with the employee again a second time and gives him feedback and tips on achieving the set targets. (Cascio, 2006)

Management by objectives (MBO) or Result oriented: Management by object is a well-known process of managing that relies on goal setting to establish Objective for the organization as a whole, for each department, for each manager with in each department, and for each employee. MBO is not a measure of employee behavior; rather, it is a measure of each employee's contribution to the success of the organization (Cascio, 2006).

1.6. Significance of the study

The research will be of great importance to various groups of people like the researcher because it will have impact to acquire research skills which can be applied to conduct research in other subjects. Skills like developing questionnaires, interacting with new

people and getting the necessary information and analyzing data. The research will also help the line managers of Save the Children to be aware of the use of performance appraisal and discover the effect of proper performance appraisal on employee's motivation. This will help them come up with better performance appraisal techniques which will result into improved employee performance management and motivation system. The research will also benefit the future researchers who will carry out research in the area. It can serve as a reference material. The study will also benefit policy makers of the organization like the senior management team (SMT) and other decision makers in the organization to develop and implement effective and realistic policies of performance appraisal.

1.7. Scope/Delimitation of the study

The study is delimited to performance appraisal practices and problems of Save the Children focusing at country office, acting as the representative sample for the overall population of employees working at Save the Children, Ethiopia Country Office. The study is also delimited only at the head office staff by considering factors like time and convenience. In order to ensure that each member of the population at head office level has equal chance for the study, a stratified sampling was used when selecting respondents and accordingly 130 staff were selected as respondents. In order to collect the required information from the respondent's questionnaire and interview methods were used and the data was analyzed with a combination of qualitative and quantitative data analysis method.

1.8. Organization of the research report

The study is organized in to five chapters. Accordingly, the first chapter deals with the introduction part of the study; the second chapter focuses on the details of related literature of the study; the third chapter discusses the details of the methodology of the study; the fourth chapter focuses on data presentation and analysis. Finally, chapter five presents the summery of findings, conclusions drawn based on the findings and recommendations that need to be given due attention by the organization.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. The Concept of Performance Appraisal

Appraisal plays an important role in human resource management and it must be implemented through knowing its concept and meaning in detail.

Different scholars define Performance Appraisal differently:-

According to Goyal (2002), performance appraisal is the evaluation of the ability of individual employee against predetermined standards usually set in the job description. This means that employee know the criteria stated for the course of the appraisal, there is no secret, everything must be carried out by the appraiser and the appraise jointly and the evaluation depends on the employee ability. Also they give attention for plus point and find out ways and means of overcoming drawback, if any.

Likewise, Aswathppa, share the above concepts and he add that performance appraisal was structured in order to measure and evaluate 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 benefit SC employee, organization and society (Aswathappa, 2002).

2.2. History of Performance Appraisal

Performance appraisal has a brief history starting from earth 20th century where the need of performance appraisal was felt and some measures developed. This history shows that Taylor (1964) who is the revolutionary person in times and motion studies brought the real sense of performance appraisal and performance measurement. But in the modern

human resource management it can be seen that the thread of performance measurement is linked with the Second World War. This tells the history that it is not more than sixty years ago. Yet the guru of human resources says that the art and procedures of performance measurement and appraisal is very ancient art and people of old times had some tools to appraise their employees on the basis of activities and job they performed. On these historical facts it can be said that performance appraisal management is the world's second oldest profession too. Here Dulewicz (1989) says that "It is a basic human tendency to make judgments about those one is working with, as well as about oneself."

If the management has a concept that performance and its appraisal is inevitable then it will be wrong that performance of an employee cannot be judge in advance. In the absence of a structured appraisal system then it will ultimately affects the performance of employees, the productivity of the organization and moreover the reputation of the organization in the industry. It will de-motivate the employees, they will lose satisfaction from their jobs and loyalty with the organization will be most likely finished and labor turn over will increase. One serious offence can be seen in the absence of appraisal system that organization can go unlawful, harassing the employee and unfair judgment on their performance. Consequently, it helps the management and employees to go lawful, fair and accurate with the performance over the period of time (Murphy, 1989).

2.3. Method performance appraisal

According to Bernardin (2004) while an overall rating approach where the rater does not distinguish among the criteria is surely faster than making assessment on separate criteria, the major drawback of overall performance is that it requires raters to simultaneously consider the above criteria for each job activity and less specific feedback to the appraisal the more effective the appraisal system regardless of the purpose for appraisal system regardless of the purpose for appraisal system. Numerous methods have been devised to measure the quantity, quality of employee's job performance. Each of the method could be effect for some purpose for some organization. Broadly, all the approaches to appraisal can classify in to two, these are past oriented and future oriented (Aswthappa, 2002). Past oriented performance evaluation focus the assessment of past

performance usually the appraisal is made by immediate supervisor and checked by his or her own supervisor. These methods include different technique these techniques, its advantage and disadvantage discussed by different scholars are as follows.

2.3.1. Forced distribution method

In its simplest form the method consist of providing a list of behavior related statements; the supervisor to indicate one list and one most descriptive statement for a particular subordinate Ibid.

2.3.2. The major weakness

The forced distribution method lies in the assumption that the employee performance level always conform to a normal distribution. In organization that have done a good job of selecting and retaining only the good performers, the use of forced distribution approach would be unreality, as well possibly destructive that employee morale. One of the merits of this approach is that is seeks to eliminate the error of leniency. (Aswathappa, 2002)

2.3.3. Forced choice method

This is a special type check list rater has to choose between two statements or more, all of which may be favorable or unfavorable. Appraiser job is to select that statement which is most appropriate to describe he employee. If we see the advantage is that since appraiser does not know the correct answer the bias is minimized, and its limitation is appraiser as well appraisers as well raters dislike this method, since they feel they are not taken it to confidence by giving them the right answer that means the statement may not properly framed (Nair, 2004).

2.4. Critical incident Method

This approach focuses on certain critical behaviors an employee that make all the difference between effective and non-effective performance job. The objective of immediately recording the critical incidents is to improve the supervisor's ability as an observer and also to reduce the common tendency to rely on recall and hence attendant

distortions in the incidents. Thus, a balance sheet for each employee is the stakeholders being the immediate supervisors, team members, customers, peers, and self. In fact; anyone who has useful information on how an employee does the job may be one of the appraisers.

2.4.1. Assessment center

According to Aswathppa (2002) assessment center is a central location where managers may come together to have their participation in job related exercise evaluated by training observers. The principal idea is to evaluate managers over a period of time say one to three days; by observing (and later evaluating) their behavior across a series of selecting exercises or work sample. The characteristics assessed in a typical assessment center include assertiveness; persuasive ability; self-confidence; resistance to stress; and energy level. The disadvantage of this method is assessment center staffs are often influenced by subjective element; such as personality of candidates. The rater tends to evaluate the quality of the individual social skills rather than the quality of the decision he/she make.

2.4.2. Psychological appraisal

When psychologists are used for evaluation, they assess an individual's future positional and past performance. The appraisal normally consists of in depth interviews, psychological tests, and discussions with supervisor and review of other evaluation. The psychologist then writes an evaluation of the employee's intellectual, emotional, motivational and other related characteristics that suggest individual potential and may predict future performance (Saiyadain, 2004)

2.4.3. Confidential report

In this method the supervisor makes an evaluation of such characteristics of his subordinates as intelligence, loyalty, attendance, conduct, characteristics. This is the most traditional method and is conducted by immediate supervisors, who has maximum contact with the person assessed and who is the best person to evaluate him/her. This

report should be kept closed, except for the remarks of the reporting officer on his/ her self-appraisal (Saiyadain, 2004)

2.4.4. Rating scales

It is the simplest and most popular technique for appraising employee performance. The typical rating scale system consists several numerical scales, each representing a job related performance criterion such dependability, industriousness, attitude, initiative, leadership, decisiveness, emotional maturity etc. Each scale ranges from excellent to poor. This method of appraising performance is easy for construct understand and use. However, at the same time it has its own advantage and disadvantage. Advantage of adaptability, relatively easy use and low cost, disadvantage of this method are several the element of subjectivity is very high (Aswathappa, 2002)

2.4.5. Ranking method

One of the simplest methods of performance appraisal is ranking method. The supervisor evaluates all the subordinates under him on an overall bail and thorn rank orders them from exceptional or poor. Each ranking indicated the position of an employee in relation to other under the same supervisor. In case these employees have worked under several supervisors, each one of these is [supervisors can rank themselves according to their own assessment. Finally, all the rank is grouped to see which one of the employees is rested best. The ranking technique in appraisal is useful if it is meant for making administrative decision such as promotion. (Saiyadain, 2004) generated which can be used at the end of the year to see how well the employee has performed. And this method requires the following two steps. (Saiyadain, 2004)

1. A list of good and bad on the job behavior is prepared for each job. A few judges are asked to rate how good and how bad is good and bad behavior, respectively. Based on these ratings a checklist of good and bad behavior is prepared.
2. Train supervisors in taking notes on critical incident or outstanding example of success or failure of the subordinates in meeting the job requirement.

This method has its own advantages and disadvantages. The major advantage is specific behavior stated that means the evaluation is based on the actual job behavior so giving job related feedback is easy. On the other hand limitations of this method are rater has to maintain a continuous record behavior and comparison become difficult (Nair, 2004)

2.4.6. Future oriented method

This can be assessed by focusing employee potential or setting future performance goal. The commonly used future oriented techniques are MBO (management by object) and, 360 degree, psychological appraisal assessment center.

Management by object (MBO) or Result oriented: Management by object is a well-known process of managing that relies on goal setting to establish Objective for the organization as a whole, for each department, for each manager with in each department, and for each employee. MBO is not a measure of employee behavior; rather, it is a measure of each employee's contribution to the success of the organization. (Cascio, 2006). In this method, subordinate in consultation with the supervisor sets their short term objective followed by specific actions that he has to carry out the goal are jointly set and are action oriented. Since they are verifiable, appraisal becomes easy. At the end of specific time period, both the subordinate and the supervisor jointly review the activities, and depending on the performance of subordinate that goal are modified or redesigned for the next period of time (Saiyadain, 2004).

However the term MBO generally refers to a comprehensive, organization wide goal-setting and appraisal program consisting of six steps (Dessler, 2003)

1. **Set the organization's goal:** Establishing an organization wide plan for the next year and set company goals.
2. **Set departmental goals:** Next department heads take these company goals and, with their superiors, jointly set goal for their department.
3. **Discuss departmental goals:** Department heads discuss the department's goals with all subordinates, often at a department wide meeting. They ask employees to

set their own preliminary individual goal; in other words, how can each employee contribute to the department goal.

4. **Define expected results (set individual goals)** Department heads and their subordinates set short-term individual performance targets.
5. **Performance reviews:** Department heads compare each employee's actual and targeted performance.
6. **Provide feedback.** Department head and employees discuss and evaluate the latter's progress.

It is not applicable to all jobs in all organization. There are three problems in using MBO (Dessler, 2003)

- a. Setting unclear, immeasurable objectives is the main one. An objective such as will do a better job of training is useless. On the other hand, will have four subordinates promoted during the year is a measurable objective.
 - b. Second, MBO is time consuming. Setting objectives, measuring progress, and giving feedback can take several hours per employee per year, over and above the time you already spend doing each person's appraisal.
 - c. Third, setting objectives with the subordinate sometime turns into a tug of war, with you pushing for higher quotes and the subordinate pushing for lower ones. Knowing the job and the person's ability is important. To motivate performance, the objective must be fair and attainable. The more you know about the job and the person's ability, the more confident you can be about the standards you set.
- **360 Degree feedbacks:** According to Aswathppa (2002) this technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders; the stakeholders being the immediate supervisors, Team members, customers, peers, and self. In fact,

anyone who has useful information on how an employee does the job may be one of the appraisers.

2.5. Assessment center

According to Aswathppa (2002) assessment center is a central location where managers may come together to have their participation in job related exercise evaluated by training observers. The principal idea is to evaluate managers over a period of time say one to three days; by observing (and later evaluating) their behavior across a series of selecting exercises or work sample. The characteristics assessed in a typical assessment center include assertiveness; persuasive ability; self-confidence; resistance to stress; and energy level. The disadvantage of this method is assessment center staffs are often influenced by subjective element; such as personality of candidates. The rater tends to evaluate the quality of the individual social skills rather than the quality of the decision he/she make.

2.6. Objectives (purpose) of performance appraisal

To understand the nature of appraisal it might be useful to look at its objective. Almost all organizations practice performance appraisal in one form or other to achieve one or more objectives. Both managers or supervisors and employees should clearly know the purpose of performance appraisal. As explained earlier, it is only when employees understand clearly what the performance appraisal system is trying to achieve in an organization that the system itself brings positive and tangible impact on the organization these objectives vary from organization to organization.

As Saiyadian, said even if these objectives are varying from organization to organization it should maintain organizational, individual and mutual objectives. Individual objectives include such area as personal development, satisfaction and involvement of individual and the perception of fair and just compensation. On the other hand, organizational objectives state that the system generate manpower that is continually improving employee performance according in to the expectation of the organization. Mutual

objectives are concerned with aligning both the individual and organizational objectives by ensuring mutual benefits (Saiyadian, 2004).

(Cascio, 2006) mentioned more specifically that appraisal serve for the following purpose or objective.

- Appraisal provide legal and formal organizational justification for employee decisions to promote outstanding performers, to train, transfer, or discipline others; to justify merit increases (or not increase)
- Appraisal provides feedback to employees and thereby serves as vehicles for personal and career development.
- Appraisal can help to identify developmental needs of employees and also to establish objective training programs.
- Appraisal can help diagnose organizational problems by identifying training needs and the personal characteristics to consider in hiring, and they also provide a basis for distinguishing between effective and ineffective performers. Appraisal there for represents the beginning of a process rather than an end product.
- Appraisals are used as criteria in test validation.

In addition appraisal serves to confirm the service of probationary employees up on their completing the probationary period satisfactorily, and performance appraisal provides a format for dialogue between the superior and the subordinate and improves understanding of personal goal and concerns (Aswthappa, 2002). Similarly Micheal (1999) shares the above concept and adds some other uses of performance appraisal serve as objectives. Appraisal provides a clear understanding to the superior about his Subordinate's contribution and the capability or potentiality to contribute and it serve as a basis for improving the quality and quantity of performance of the executives in their present work also appraisal enables the concerned executive to know where he stands to know his worth.

2.7. Requirements of effective appraisal system

To achieve these objective effectively or the appraisal system to go smoothly the main things that must be focus is the requirements of effective appraisal system some of the requirements that are legally and scientifically very important are relevance, performance standards, reliability and acceptability which are helping to evaluate the effectiveness of performance appraisal system.

(Cascio, 2006) mention these requirements in detail as follows:-

Relevance: - implies that there are clear link between the performance standard for particular job and organizational objectives and between the critical job elements identified though a job analysis and the dimensions to be rated on an appraisal form. In other words performance appraisal system should measure an employee's performance and potential based on job description and provide information in job related areas.

Performance Standards; translate job requirements in to level of acceptable or unacceptable employee behavior.

Reliability: - in this context it refers to consistency of judgment. This means that is the rating of two qualified and competent appraisers using the same appraisal method agrees with each other.

Acceptability: - is the most important requirement of all. Practicality implies that appraisal instruments are ease for managers and employees to understand and use

2.8. Designing an Appraisal System

For conducting appraisal there must be a designed appraisal system. However, as Chadha said that there is no one right way to conduct an appraisal, such that it is appropriate for all circumstance. Each organization must examine its own unique human resource feature, task characteristics, work culture and internal climate and figure out the precise system that will be functional as well as acceptable in its own context (Chadha, 2003). On the other hand the process of designing an appraisal system should involve managers, employees, HR professionals, and both internal and external customer in making decision

about measurement content, measurement process, defining the rater defining the rate and administrative characteristics (Bernardin, 2004).

Measurement content of appraisal system can be either person oriented (Focusing on the person who performed the behavior) or work-oriented (focusing on the record of outcome that the person achieved on the job). Effective performance appraisal focuses on the recorded of outcomes and in particular, out come directly linked to an organization's mission and objectives (Bernardin, 2004). Even if there is no one right way to conduct appraisal in all organization both employee, managers and customers must participate for the designing of appraisal system depending on characteristics of the organization and the work itself. So it helps to assess the performance appraisal system depending on the establish criteria.

2.9. Criteria for assessment of performance appraisal

One of the steps in designing an appraisal program is to determine the evaluation criteria. The criteria designed must be job related. Those criteria used for evaluation are quality, quantity, timeliness, cost effectiveness, need for supervision and interpersonal impact (Ibid). When it was discussed in detail:-

Quality: - The degree to which the process or result of carrying out an activity approaches perfection in terms of either conforming to some ideal way of performing the activity or fulfilling the activity's intended purpose

Quantity: The amount produced or service given expressed in, number of units, or number of completed activity cycle.

Timeliness: the degree to which an activity is completed or a result produced, at the earliest time desirable form the earliest time desirable form the stand point of both coordinating with the output of others and maximizing the time available for other activity.

Cost-effectiveness: The degree to which the use of organization resource is maximized in the sense of getting the highest gain or reduction in loss from each unit or instance of use of a resource.

Need for supervision: - the degree to which a performer can carry out a job function without either having to request supervisory assistance or requiring supervisory intervention to prevent an adverse outcome.

Interpersonal impact: the degree to which a performer promotes feeling of self-esteem good will, and cooperativeness among coworkers and subordinate.

2.10. Benefits of Performance Appraisal

Where performance appraisal allows the employees to get the monetary and non-monetary rewards from the management, here it also give the most significant benefit for employees that it gives the chance to get reasonable time for one to one discussion on the performance over the period of time. This discussion between employee and supervisor allows discussing the main issues that are hurdle in the performance and work concerns addressed. It can observe from all over the world organizations, the feedback of performance appraisal says that it creates a strong bond between subordinate and supervisor only if the appraisal is conducted properly and fairly. This process also gives the opportunity to employees to review their performances and discuss the issues and difficulties they are facing in the work and also it gives the path to gain the aims and objectives in the future time. This interaction of subordinates and supervisors give the opportunity to help the future goals. (Orpen, 1997)

Therefore it enhances the productivity. So, this process gives the best time to employees to have chat with the supervisors without any hindrance and instruction (Orpen, 1997). The importance of this process should not be underestimated as this is the integral part of performance appraisal system. Moreover this process allows the supervisors and employees to discuss the future targets and, training and rotation need orientation and development, if needed. In this discussion, the supervisors and the subordinates discuss the various problems about the present as well as the absent working skills, career development and what is to be done in the future (Dyck, 1997). Here, supervisor highlights the key skills of the subordinate and makes or arranges for the future career inspirations. This discussion can be useful to measure the productivity of the

organization, for the recruitment and orientation process. For example, the feedback can identify how employees are performing those who hired in the past two years and so.

Appraisal data can also tell how well the recruiting strategies are working, what developmental process are good enough and what the effectiveness of employees is. Performance appraisal process could be a data sheet highlighting the overall performance of all employees; telling has productivity improved, remains same or fall. Evaluation is the ongoing process and its run throughout the year but some clash can be noted in the evaluations and developmental process but in a nutshell it's a process of evaluating, analyzing and giving feedback of that process (Thompson & Dalton, 1970).

2.11. Problems in performance appraisal

Performance appraisals are subject to errors; these errors occur in the rater's observation; judgment and information processing and can seriously affect assessment results. The most common appraisal errors are Leniency Error, halo effect, central tendency, rater's error, recent incident effect, similarity error and reward effect and others. It is investigated by different scholars. Some of these error explained by Nair (2004) are as follows.

Leniency error: - this tendency of awarding higher marks than what is really due. This depends on variation of value system or standards between different raters.

Similarity error: This is the situation in which appraise possesses a certain similarity or identity with rater himself. It could be identity, ideology, personality, cast creed or languet etc.

Rater error: if the rater is only one, all the above errors will have little effect in ranking since errors are equally affected to all the employees even though individual marks vary from realistic analysis. The problems become acute when raters are money.

Reward effect: Some time rating can affect promotion or some such reward to which the employee is a candidate. The tendency of rater is towards some `` extra marks`` in such occasions

Halo effect: Some time employee create a certain impression on the rater because of some incidents or behavior. This could be either positive or negative.

Central Tendency: - According to Ivancevich (2004) this error occurs when a rater avoids using high or low ratings and assigning average ratings; the rater's error to the philosophy that everyone is about average and rates subordinates around a 4 on a 1-7 scale or a 3 on a 1 to 5 scale. This type of average rating is almost useless. It fails to discriminate between subordinates. Thus, it offers little information for making HRM decision regarding compensation promotion or what should be across rates.

The influence of linking : According to Gomez-Mejia et al (2003) linking can cause errors in performing appraisal when raters allow their like or dislike on an individual to influence their assessment of that person's performance linking plays an important role in performance measurement because both linking and ratings are person focused. The two may be at odds, however. Linking is emotional and often unconscious, whereas formal ratings are or should be non-emotional and conscious.

2.12. Conclusion

In carrying out the literature review, the researcher found an extensive amount of information on the subject of performance appraisal. Due to the scope of this literature it is not feasible to view all elements and aspects of performance. From the content of the literature review it is hoped that a general overview of the subject matter was created. It is quite apparent from the available literature that there is no one 'best' PAS. When implementing a PAS into an organization, the culture and structure of the company need to be considered and its success will depend on the commitment to the process and the carrying out of that process in a fair and equitable manner.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

In this part of the research work a depiction of the research design and methodology used in the study are discuss along with the sampling technique, sample size, the type of data collection and the methods of data analyses used in conducting the study.

3.2. Research Design

According to Singh, Y.K (2006), research design is essentially a statement of the object of the inquiry and the strategies for collecting the evidences, analyzing the evidences and reporting the findings. Accordingly, the research design used to carry out this research is descriptive survey method. It is selected because it is appropriate to reveal the PA practices of the organization under study and the problem encountered in the implementation process.

Data were collected form the target respondents through the distribution of questioners and the administration of structured interview. The data identified collected through the descriptive survey were analyzed quantitatively using frequency count, percentage and standard deviation this was done with the help of SPSS software. On the other hand, the data collected through the administration of interview were analyzed qualitatively. Accordingly, the findings were summarized, conclusions drawn and recommendations made.

3.3.Population and Sampling Techniques

The target population will be all staff at head office whose number is 564 (September, 2012). From the source population of SC appropriate sample for questionnaire administration will be determine by using proportionality sampling technique to give

equal weights for each departments of SC. Once the total sample size from each department is determined appropriate respondents from the management and the non-management staffs will be selected by using random sampling technique.

As to the sample size determination, among different methods the one which has been developed by (Carvalho1984), is used. As indicated above the population size of the study is 564 which ranges between 501-1200 according to Carvalho's sample size determination, taking in to account a small and medium population size variance, large sample size will be applied in accordance with the given population size.

Formula:

$$n = \frac{t^2 \times p(1-p)}{m^2}$$

Description:

n = required sample size

t = confidence level at 95% (standard value of 1.96)

p = estimated prevalence of employees at Save the Children

m = margin of error at 5% (standard value of 0.05)

Calculation:

$$n = \frac{1.96^2 \times .9(0.1)}{.05^2}$$

$$n = \frac{3.8416 \times .09}{0.0025}$$

$$n = \frac{0.3457}{0.0025}$$

$$n = 129.72 \sim \mathbf{130}$$

The researcher chose the stratified random sampling method for the study. The reason is that all categories of employees fall under the selected moderating variables and each of these categories have the opportunity to be sampled. This method gives more precise information than other sampling methods. The population was divided into relevant strata, and a simple random sample chosen from each stratum and combined them into

my overall sample in order to attain balanced representation in the sample. This can be considered as fair representation of the population. And these samples were selected from each stratum by using stratified random sampling technique because it is difficult to found all respondents at the same time and place, so it depends on the availability of the respondents at that time and places this sampling is called purposive sampling. The sample size is categorized in managerial and non- managerial and further sub categorized into five job categories. Overall, 130 respondents participated in the study; 30 managerial while 100 non- management. Table 1 presents the sample size description.

Table 1: Sample size determination

Job classification	Population		Sample Size	
	No.	% age	No.	% age
Executive	30	5%	9	5%
Managerial & Specialized	146	31%	24	31%
Professional	148	30%	42	30%
Administrative & clerical	120	11%	32	11%
Manual & technical	120	23%	29	23%
Total	564	100%	130	100%

3.4. Sources of Data and data Collection Toll

Basically there are two sources of data namely, primary and secondary source. In this research both primary and secondary sources of data were utilized through questionnaires, interview, and literature review and document analysis because of the questions are tailored to elicit the data that helps for study and secondary data are useful because the data is readily available and inexpensive to obtain As regards the secondary

data, HR manual, performance appraisal implementation guidelines, books along with the works of various scholars, and researchers in the topic of performance appraisal were reviewed to get information about how the performance appraisal policies and guidelines look like in the organization. On the other hand, questionnaires and interview were used to collect the required data from the primary source. The details are given below

Questionnaire: Close ended questionnaire in a 5 point scale was used to collect data from the sample respondents in the organization. The questionnaire has 5 rating scales ranging from 1- strongly disagree to 5- strongly agree. Data gathered through questionnaires are simple and clear to analyze and allow for tabulation of responses and quantitatively analyze certain factors. Furthermore, it is time efficient for both the respondents and the researcher. The questionnaire was structured in such a way that it includes all relevant parts and information to clearly acquaint the respondents.

Interview: In order to obtain sufficient information, the researcher arranged personal interview session with line managers and the senior management of the organization. Some research issues were addressed through interviews which are difficult to obtain through questionnaire in as much detailed as required.

3.5. Data Collection Procedures

In gathering data, Self-administered questionnaires were used to collect information from the managers and the employees. The rationale for using self-administered questionnaires was to allow the respondents to answer at their own pace without taking them away from their work place.

3.6. Methods of Data Processing and Analysis

Both qualitative and quantitative methods of data analysis were used to analyze the data collected for the study. Thus, after collecting the required data, Statistical Package for the Social Sciences (SPSS) has been used for the purpose of processing and analysis of the data obtained through questioner. Descriptive statistics based on tables have been

used to analyze information on all factors/variables including respondent personal information. The descriptive statistics used in the study were based on tables in percentile for the responses of discussion including personal information of the respondents. The issue of generalization or mere assumptions is minimized so as to avoid cases of arriving and false conclusions and help in answering the research question. The data obtained from interview sessions administered were analyzed qualitatively using the information obtained from the literature and the judgments of the researcher.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter of the research the data collected from different sources are presented, analyzed and interpreted. Accordingly, the chapter deals with the demographic nature of the respondents and analysis and interpretation of the data collected. The analysis of data is processed in line with the basic research questions and objectives of the study. Thus, the chapter has two parts. The first part presents the characteristics of the respondents, the second part presents detailed analysis and discussion of data collected through questionnaire for employees (appraises) and the information obtained from the administered interview with department heads and line managers (appraisers). The details are presented in the upcoming sections:

4.1 Demographic Characteristics of Respondents

The demographic characteristics of the respondents were assessed from the point of educational level, length of service, and present position. The table below summarizes the data obtained.

Table 2: Respondents according to education, length of service and current position

1	Education Level	Diploma		First Degree		Second Degree		Total					
		No	%	No	%	No	%	No	%				
		21	19.3	80	73.4	8	7.3	109	100				
2	Positions	Executive/ Managerial		Specialized Professional		Administrative & clerical		Manual and Technical		Total			
		No	%	No	%	No	%	No	%	No	%		
		81	74.3	12	11.8	11	11.9	5	2%	109	100		
3	Work Experience	1-5 Years		6- 10 Years		11-15 Years		16-20 Years		>20 Years		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
		14	9	13	11.9	28	25.7	27	24.8	19	18.3	109	100

The first item of Table 2 shows the educational level of the respondents. Accordingly, 19.3 percent of the respondents were diploma holders, 73.4 percent were first degree holders and 7.3 percent of the respondents were second degree holders.

From this it is possible to infer that the workforce composition of the respondents include well qualified to explain about the practices and problems of performance appraisal.

On the other hand, as shown in Table 2 row 2, from the total respondent 75 percent of them were non-management staff, 13.9 percent were team leaders and the rest 11.1 percent were department heads. Such a segregation of the respondents is important to infer the managerial proportion of the total population of SC. Furthermore it is important to get opinions which reflect the total population of the SC.

Furthermore, as presented in Table 2 row 3 above, majority of the respondents (25.7 percent) have been working for Save the Children for 6 to 10 years and 24.8 percent of them have been working for the organization for 11 to 15 years. In general, almost more than half of the respondents have been working for more than 5 years in SC, which indicates their long period of experience and that contributes to both the reliability and validity of the information they provided.

4.2 Analysis and interpretation of data pertaining to the study

In this part the data collected from respondents through questionnaires and interviews analyzed and interpreted in line with the basic questions and objectives of the research.

As presented under the methodology part of the study, questionnaires are prepared and then distributed to the sample management and non-management staff. Accordingly, 130 questionnaires have been distributed out of which 30 were for the management staff and the remaining 100 were distributed to non-management staffs to secure their feelings about the practice and problems of performance appraisal in SC. Table 3 below demonstrates the rate of return of the questioners distributed.

Table 3: Questionnaires Return Rate

Description	Management Staff	%	Employees	%	Total
Distributed	30	0.30	100	0.70	130
Returned Questionnaire	28	93.3	81	81	109
Not returned Questionnaire	2	6.67	19	19	21
Total	30	100	100	130	100

As illustrated in Table 3, 93.3 percent of management staff and 81 percent of employees were kind enough to fill and return the questionnaires on time. The rest 6.67 percent of management staff and 19 percent of employees failed to return the questionnaires distributed from the total distributed questionnaires 84.8 percent were returned on time and the entire returned questionnaires were completed. This can be considered as fair representation of the population

The collected data is analyzed to answer the basic questions of the study by categorize it in to the following four group.

1. How is performance appraisal carried out in the organization?
2. What are the objectives of employees' performance appraisal at Save the Children?
3. What is the perception of employees on the performance appraisal system of the organization?
4. What are the major employee performance appraisal problems of the organization?

4.3 How performance appraisal carried out in SC

Appraisal plays an important role in human resource management and it must be implemented through knowing its concept and meaning in detail. According to Goyal (2002), performance appraisal is the evaluation of the ability of individual employee against predetermined standards usually set in the job description. This means that employee know the criteria sated for the course of the appraisal, there is no secret, everything must be carried out by the appraiser and the appraise jointly and the evaluation depends on the employee ability. Also they give attention for plus point and find out ways and means of overcoming drawback, if any. Regarding how performance appraisal is carried out in the organization data collected is presented for discussion and analysis in the table below:-

Table 4: How performance appraisal carried out in SC

No	Descriptions	Frequency	Percentage
1	Relatedness of criteria to job description		
	Strongly disagree	-	-
	Disagree	-	-
	Neutral	-	-
	Agree	5	17.9
	Strongly Agree	23	82.1
	Total	28	100
	Mean	4.82	
	Std. Deviation	0.39	
2	Compatibility of the weight given for each criteria and individual contribution		
	Strongly disagree	-	-
	Disagree	-	-
	Neutral	-	-
	Agree	5	17.9
	Strongly Agree	23	82.1
	Total	28	100
	Mean	4.82	
	Std. Deviation	0.39	

No	Descriptions	Frequency	Percentage
3	Knowledge of criteria used to evaluate		
	Strongly disagree	-	-
	Disagree	-	-
	Neutral	1	3.6
	Agree	4	14.3
	Strongly Agree	23	82.1
	Total	28	100
	Mean	4.79	
	Std. Deviation	0.49	
4	Having information before evaluation		
	Strongly disagree	-	-
	Disagree	-	-
	Neutral	-	-
	Agree	2	8.3
	Strongly Agree	22	91.7
	Total	24	100
	Mean	4.79	
	Std. Deviation	0.499	
5	Participation during evaluation		
	Strongly disagree	-	-
	Disagree	-	-
	Neutral	-	-
	Agree	2	8.3
	Strongly disagree	22	91.7
	Total	24	100
	Mean	4.79	
	Std. Deviation	0.499	
6	Satisfaction in evaluation process		
	Strongly disagree	4	16.7
	Disagree	9	37.5
	Neutral	1	4.2
	Agree	2	8.3
	Strongly Agree	8	33.3
	Total	24	100
	Mean	3.14	
	Std. Deviation	1.508	

As the above table shows only 23(82.1%) respondents agree the relatedness of the criteria with their job description. On the other hand, 5 (17.9%) said that the weight given for each criterion is not compatible to their contribution or job assignment that means it lacks relevance others are neutral. Here we conclude that the organization failed to design and implement performance evaluation criteria in accordance with what the job required, and their job assignment. Performance appraisal system should have clear link between the performance standard for a particular job, organizational goal, also there must be clear link between the criteria, and job element which have been identified though job analysis. Thus the organization system has deviation from this principle, the following points indicate these deviation.

- ✓ The performance standards are not prepared to different jobs.
- ✓ According to line managers the format used for evaluation of different job assignment are identical.
- ✓ There is a gap between the use of established criteria's and actual evaluation process. So the performance appraisal system should clear link between the performance standard for a particular job, organizational goal, also there must be clear link between the criteria, and job element which have been identified though job analysis

As it is depicted in table 4, the majority of respondents which is 23 (64%) pointed out that they know the criteria that are used to evaluate employee performance and only 13 (36%) didn't know the criteria used to evaluate. This indicates that most of employees of the organization have the knowledge about the criteria that the organization have.

Similarly line managers replied in their interview session that they know the performance appraisal criteria used by the organization. And as they said, the organization designed the criteria depending on key, major and minor activities of the organization, these criteria are quality, quantity, cost and time. This shows that majority of workers in the organization know the criteria used to evaluate the performance. But on the other hand, line managers replied that, they do not use or apply all these criteria during evaluation. The reason they put for not applying all the criteria is that, some of the criteria are difficult to measure and difficult to get real performed of individual performer because

most of the time the activity is performed in groups, so as they said they mostly select quantity of work performed for evaluation purpose and it leads them to evaluate subjectively and result in unfair evaluation.

The above table indicates that only 2 (8.3%) of the respondent participated in the development of evaluation criteria. In addition the study finding shows that 24 (91%) of respondent stated that they were not given early information about the purpose of evaluation before the evaluation is under taken. Appraisers' responses also strengthen the above result as having true ground. Line managers said, the criteria used for evaluation is developed at head quarter, and the format (criteria) is sent to them they do not have any participation in the development of format. This implies that the organization conduct evaluation without participating and informing the purpose to the relevant bodies. According to Bernardin (2004), even if there is no one right way to conduct appraisal in all organization employee, management and customer must participate in the designing of appraisal system depending on characteristic of the organization and the work itself.

On the other hand appraisers said that the organization use Job oriented performance appraisal method, that means depending on the job given and the result performed by individual, but practically they fail to do. According to Casio (2006), job oriented evaluation relies on goal setting to established objective for the organization as a whole, for each department, for each manager with in each department and for each employee. That means the performance evaluation in job oriented appraisal system must be participatory starting from establishing the criteria depending on organizational objective.

According to an interview held with Human Resource director and the researcher knowledge of over six years' experience as HR professional, the performance of employees in SC was appraised by employees' immediate supervisors. According to the interview conducted with HR Director Performance appraisal of SC employees' is conducted bi - annually, at the end of December and June. According to the interview held with HR Director and head of department the organization uses graphic rating scale technique to appraise their employees. Appraisers were given format to appraise

employees. The format contains some specific sets of characteristics, those are assumed can practically demonstrate the knowledge, ability, obtained in education, training, and practical experiences, cooperation on job with his/her immediate supervisor, in group working, job reliability and effectiveness, Productivity (efficiency), property handling knowhow and personal attitude. The commitment at SC is to: Ensure all employees receive the tools, skills, and authority they need to be successful in their jobs.

Managing Performance Rating

The performance Management is a documented “picture” of the employee as a performer, and also includes the rating described below. While the narrative and oral feedback are the most important component for the individual employee, the rating is used for capturing some measure of performance and standards which are used in decision making concerning training, salary increase, promotion, demotion, transfer, termination of service and other human resource actions.

4.4 What is the purpose of performance appraisal at Save the Children

It is only when employees understand clearly what the performance appraisal system is trying to achieve in an organization that the system itself brings positive and tangible impact on the organization these objectives vary from organization to organization.

Feedbacks from performance evaluation need to motivate employees through recognition and support. According to Armstrong (2009), the emphasis is on development, although performance management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth. It may be associated with performance- or contribution-related pay but its developmental aspects are much more important. Regarding purpose of performance appraisal in SC data collected is presented for discussion and analysis in the table below:-

Table 5: - Purpose of PA, according to the views of respondents

	Information generated through PA is used to give feedback to employees		PA Determination s of Pay and Promotion		PA used to Counsel and Coach Subordinates		To strengthen the Relationship between Superiors and Subordinates	
	Count	%	Count	%	Count	%	Count	%
Strongly Agree					39	48.1	42	51.9
Disagree			5	6.2	2	2.5	10	12.3
Neutral	1	1.2	2	2.5	8	9.9	2	2.5
Agree	29	35.8	34	42	32	39.5	27	33.3
Strongly disagree	51	63	40	49.4	-	-	-	-
Total	81	100	81	100	81	100	81	100
Mean	4.62		4.35		4.33		4.3	
Std. Deviation	0.514		0.809		0.758		0.858	

The majority 51 (63%) of the total respondent employees of SC strongly agree, while 29 (35.8%) agree about information generated through PA is used to give feedback to employees, and 19.7% are indifferent. Regarding the usage of this information for employees' feedback the human resource department head were interviewed as informants. And according to their information, the employees are given the right to see their performance rating and sign if they agree, and if they do not agree, they have the right not to sign the form. Performance appraisal is used not only for employee feedback purposes, but also for pay and promotion determination purposes. If PA is to be effective it has to be connected with the benefits it bears, such as pay increment and promotion. Payment is a kind of material reward involving pay in cash or in kind, whereas promotion is the move from a lower level to a higher level position comes with cash increment. This helps the organization as well as the incumbent employee in bringing about effectiveness and efficiency, which in turn increases productivity or service quality.

According to this information 49.4% of employees said that performance appraisal is not attached to reward and promotion in SC. Additionally, 2.5% of employees of these organization were indifferent, and this was may be from low understanding of employees

about the performance appraisal and its purposes. To decide at this level of agreement it is difficult to accept that information generated through performance appraisal is used to determine pay and promotion decisions. For the purpose of triangulation the human resource department director were interviewed. According to her response, information generated through PA is used for promotion decision which accounts for 20% of the total variables required for promotion in SC. The purpose of performance appraisal is also to determine decision of employees' development to make them more productive in the organization. Developing employees' involves counseling and coaching for their weak performance and it is one of the human resource management functions.

According to Armstrong (2009), counseling and coaching employees functions as a continuous and evolutionary process in which performance improves over time. It provides the basis for regular and frequent dialogues between managers and individuals about performance and development needs based on feedback and self-assessment. It is mainly concerned with individual performance but it can also be applied to teams. To know the level of agreement of employees of SC, about the information generated through performance appraisal being used to counsel and coach subordinates, data are presented in the table below. From the above table majority 39 (48.1%) agree that information generated through performance appraisal is used to counsel and coach subordinates. On the contrary, 2(2.5%) employees of disagree and 8 (9.4%) were indifferent. This is significant in relation to increasing/reducing performance of employees in their respective organization. This shows that the result gathered through the PA is used to counsel and coach employees.

The design of information generation should be done in such a way that it can strengthen the relationship between superiors and subordinates. According to Henderson (1984), developing an appraisal system that accurately reflects employee performance is a difficult task. Performance appraisal systems are not generic or easily passed from one company to another; their design and administration must be tailor-made to match employee and organizational characteristics and qualities. If the design is tailored to the needs and characteristics of particular organization, the performance of employee within

the goals of the organization and with human resource development and reward mechanisms that motivate employees, good relationship can be maintained and strengthened.

A design of performance appraisal system without organizational goal achievement and development and reward mechanisms for employees is questionable and spoils the relationship between subordinates and superiors. Regarding the attitude of the employees in SC the majority 42(51.9%) of employees disagreed, while 27 (33.5%) agreed and 2 (2.2%) were indifferent. The observed indifference among employees may be due to of capacity to understanding the questionnaire or because of a low level of understanding about the performance appraisal system and its purposes in the organization. On the other hand, the HRD said that the existing practice of the performance appraisal was not clearly defined as one strengthening the relationship between superiors and subordinates because only the element of appraisal is in it, with no developmental and motivational purposes; it was rather used for punishments.

➤ **Ability of PA to Help Employees to Improve Job Performance**

Performance appraisal is useful not only to align employees with the goals of organization; it is also used for the development of the capacity of the employees in order to make them more productive. Improving job performance is improving job quality and efficiency. And this can be achieved through training and human resource development in terms of contributing to the organization's goals. According to Gomez-Mejia (2001), development uses of appraisal are geared toward improving employees' performance and strengthening their job skills, including counseling employees on effective work behaviors and sending them for training. The opinions of the respondents of SC about the adequacy of performance appraisal in helping to improve job performance are shown in the Table below:-

Table 6: Ability of PA to Improve Job Performance

Ability of PA to help employees to improve job performance	Frequency	Percent	Valid Percent	Cumulative Percent
Neutral	2	7.1	7.1	7.1
Agree	6	21.4	21.4	28.6
Strongly disagree	20	71.4	71.4	100
Total	28	100	100	
Mean				4.64
Std. Deviation				0.621

According to the Table above the majority 20(71.4%) disagree, while 6(21.4%) agree, and 2(2.7%) are neutral, about the performance appraisal in their organization helping them to improve their jobs. The responses of the human resource director of SC revealed that the practice of evaluating employees to improve their job was not adequate enough.

4.5 Employees Perception on the performance appraisal

According to Armstrong (2009), the criteria for reviewing performance should be balanced between: achievements in relation to objectives; the level of knowledge and skills possessed and applied (competences or technical competencies); behavior in the job as it affects performance (competencies); the degree to which behavior upholds the core values of the organization; day-to-day effectiveness. Knowledge of the existence of performance appraisal is essential not only for employees, it is also important for the organizations and supervisors. The knowledge of the existence PA is essential for employees in order to help them understand what is expected of them and what they are expecting out of their performance.

On the other hand, organizations will be benefit from such knowledge of the employees about the existence of PA and make effort in the job they are hired for and maximize their contributions. It also helps managers/supervisors in order to align the employees with the organizational goal; it will enable them to put a sense of order into the accomplishment of their responsibilities.

Table 7: Perception of employees on the performance appraisal

No	Descriptions	Frequency	Percentage
1	The PA system is serving its purpose		
	Strongly agree	-	-
	Disagree	4	4.9
	Neutral	5	6.2
	Agree	36	44.4
	Strongly Disagree	36	44.4
	Total	81	100
	Mean	4.28	
	Std. Deviation	0.794	
2	Criteria for Performance Appraisal		
	Strongly Disagree	10	12.3
	Disagree	40	49.4
	Neutral	22	27.2
	Agree	7	8.6
	Strongly Agree	1	1.2
	Missing	1	1.2
	Total	81	100
	Mean	2.36	
	Std. Deviation	0.86	
3	Knowledge of employees about the Existence of PA		
	Strongly Disagree	5	6.2
	Disagree	20	24.7
	Neutral	18	22.2
	Agree	23	28.4
	Strongly Agree	15	18.5
	Total	81	100
	Mean	3.28	
	Std. Deviation	1.207	
4	Employees Knowledge about the Purpose of PA		
	Strongly Disagree	12	14.8
	Disagree	46	56.8
	Neutral	16	19.8
	Agree	5	6.2
	Strongly Agree	2	2.5
	Total	81	100
	Mean	2.25	
Std. Deviation	0.874		

Out of the total employees of SC the majority 36 (44.4%) disagrees about the PA serves its purpose, while others 4 (4.9%) are indifferent and 5 (6.2%) agrees. And from this table, it is possible to understand that the majority 38 (36.9%) of employees of SC know the existence of performance appraisal in their organization. The majority of employees did not believe that the performance appraisal system served its purpose, the purposes of performance appraisal being counseling, coaching, developing and training for those employees with deficiency on their job, and promotion and reward to motivate those who were performing well. This indicates that it has been given low regards by the management of SC.

According to the interview conducted with the human resource department, employees know the existence of performance appraisal even though they are not aware of the purpose and the advantage. One of the human resource management functions is managing the performance of employees in their respective organization. Managing performance of employees involves informing, training, and coaching about the existence and functions of performance appraisal on the job the employees are assigned to. Responses of human resource department show the low-level regard given to the performance of employees. The implication is also no care for the performance of the organization. Knowing the existence of performance appraisal is one great thing as there are employees working in the organization without knowing of its existence. However, employees know the existence of performance appraisal and understand the purpose which is informative, developmental, and administrative.

4.6 Potential Sources of employees' dissatisfaction regarding PA.

Performance appraisals are subject to errors; these errors occur in the rater's observation; judgment and information processing and can seriously affect assessment results. The most common appraisal errors are Leniency Error, halo effect, central tendency, rater's error, recent incident effect, similarity error and reward effect and others. According to Mathis and Jackson (1997), rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has a strong

dislike of certain ethnic groups, this bias is likely to result in distorted appraisal information for some people. Age, religion, seniority, sex, appearance, or other arbitrary classifications may be reflected in appraisals if the appraisal process is not properly designed. Examination of rating by higher-level managers may help correct this problem. The below table show is prepared to see the existence of such problem in SC:-

Table 8: Sources of employees' dissatisfaction regarding PA

Decisions	Biases of the Rater by Personal Liking and Disliking (A)		Biases of Avoiding Giving Performance Ratings with Negative (B)		Accuracy of Supervisors to Evaluate their Employees to Reward or (C)		Giving Equivalent rating to all to Avoid Resentment and (D)	
	Count	%	Count	%	Count	%	Count	%
Strongly disagree	18	22.2	12	14.8	21	25.9	17	21
Disagree	44	54.3	44	54.3	43	53.1	44	54.3
Neutral	14	17.3	14	17.3	11	13.6	13	16
Agree	4	4.9	8	9.9	3	3.7	3	3.7
Strongly agree	1	1.2	3	3.7	3	3.7	4	4.9
Total	81	100	81	100	81	100	81	100
Mean	2.09		2.33		2.06		2.17	
Std. Deviation	0.84		0.975		0.94		0.972	

On the influence of the rater biases on the basis of personal liking and disliking the Majority (22.2%) of employees disagree, while 17.3% indifferent, and 13% agree about their rater rating their performance basing on personal liking and disliking. According to the information acquired from human resource department through interview conducted, the degree of liking and disliking while appraising employees performance may vary from department to department or from supervisor to supervisor, however this type of biases can exist in the organization regardless of the degree of its existence low or high. It is customary, among some raters of performance appraisal in organization giving rating which may have negative consequences to their subordinates.

According to Mathis and Jackson (1997), this type of leniency error occurs when rating patterns employees are at the high end of the scale. To see if such habits are being manifested and to know its level in SC, the table below is presented bearing respondent response in percentile. The raters in the SC give performance ratings which have no negative consequences than those of SC. The bias of such type will not motivate those employees who are performing well as these employees did not judged and penalized for their working behavior. The indication of the existence of bias is the distortion of rating; even though this exists in SC.

Accurately evaluating employees is very essential and helps supervisor, employees and organization. Employees' motivation is enhanced by accurate evaluations so that it prepares for rewards for doing so. It also helps those employees who failed in doing so on their job to make ready for training, coaching and development. Beside this penalizing employee who failed to do is essential to correct his/her behavior. In addition to helping employees, it also helps supervisors to make administration decision, about the employee, transfer, demotion and dismissal. To this effect employee of the organization respond and it is presented in the table below.

The majority (39.4%) of employees from SC agree, while 14.8% disagree and 24.9% indifferent respectively about they have been evaluated accurately to the extent of reward or penalized. Additionally, according to the interview conducted with SC human resource unit of the SC said that the practice of such behavior is very low. According to Encarta English dictionary (2009), resentment is ill feeling, aggrieved feelings caused by a sense of having been badly treated, while rivalry is a condition of competitiveness: the condition or fact of competing with somebody or something or competitive action. Therefore, such feelings like avoiding resentments have positive outcome for employees while avoiding rivalries among colleagues have negative consequence to the organization and employees. These types of biases have negative implication in the organization.

➤ **Giving Equivalent rating to all to Avoid Resentment and Rivalries**

According to Encarta English dictionary (2009), resentment is ill feeling, aggrieved feelings caused by a sense of having been badly treated, while rivalry is a condition of competitiveness: the condition or fact of competing with somebody or something or competitive action. Therefore, such feelings like avoiding resentments have positive outcome for employees while avoiding rivalries among colleagues have negative consequence to SC and employees. These types of biases have negative implication in the organization and employees' response is presented in the table below.

Table 9: Giving equivalent rating

Giving equivalent rating to avoid resentment and rivalries among colleagues.	Frequency	Percent	Valid Percent	Cumulative Percent
Neutral	2	7.1	7.1	7.1
Agree	6	21.4	21.4	28.6
Strongly Disagree	20	71.4	71.4	100
Total	28	100	100	
Mean				4.64
Std. Deviation				0.621

From the above description it is possible to understand majority 71.4% of employees disagree, while 21.1% agree and 7.1% indifferent. According to the interview conducted with human resource director, the practice of such behavior is very high.

➤ **Appealing to a Performance Rating thought Biased or Inaccurate**

Superiors have a chance of committing bias or inaccurate rating and subordinates need to have a room for appealing for performance rating they think is biased. Such room may involve forming review committee and appealing to higher officials of the organization, who rationally measure, analyze and give decision on the cases. This can bring about trust and confidence between subordinate and superiors employees in the organization.

According to Mathis and Jackson (1997) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has a strong dislike of certain ethnic groups, this bias is likely to result in distorted appraisal information for some people. Age, religion, seniority, sex, appearance, or other arbitrary classifications may be reflected in appraisals if the appraisal process is not properly designed. Examination of rating by higher-level managers may help correct this problem.

Table 10: Ways to appeal a performance rating

Ways to Appeal a Performance Rating Employees Think is Biased or Inaccurate.	Frequency	Percent	Valid Percent	Cumulative Percent
Neutral	2	7.1	7.1	7.1
Agree	6	21.4	21.4	28.6
Strongly Agree	20	71.4	71.4	100.0
Total	28	100.0	100.0	
Mean				4.64
Std. Deviation				.621

Majority (38.4%) of Employees from SC disagree, while 36.7% agree, and 25.0% Indifferent. According to the interviews conducted with human resource management department of the organization under the study, employees who think their performance appraisal rating is biased/incorrect can appeal to the next supervisor who is superior to the rater and if yet he/she doesn't satisfied with decision, again can appeal to the human resource department in order to be reviewed by the grievance committee. If the employees do not know way to appeal for bias of his/her appraisal as a system is there, adequate information was not given during the induction and this shows the lack of employees concern of human resource department which is one of the human resource manager task is advocate of employees. Therefore, the human resource department of SC should develop program to inform and train employees.

➤ **Fairness and objectiveness of Performance appraisal system**

Performance appraisal should be fair. Fairness is emphasized more specifically; trust will be developed if management acts fairly, equitably and consistently, if a policy of transparency is implemented, etc... Regarding to the employees perception of fair performance appraisal system in the organization, the response from data collected is shown in the table below.

Table 11: Fairness and objectiveness of PA

Fairness and objectiveness of Performance appraisal system	Frequency	Percent	Valid Percent	Cumulative Percent
Neutral	2	7.1	7.1	7.1
Agree	6	21.4	21.4	28.6
Strongly disagree	20	71.4	71.4	100.0
Total	28	100.0	100.0	
Mean				4.64
Std. Deviation				.621

Majority 20 (71.4%) of employees disagree, while 7.1% indifferent and 21.4% agree, According to these descriptions, PA is not fair and objective in SC. According to the informants from SC HR director the PA is attached not only to promotional, salary increment annually, and training and development selections. As the result of these benefits employees and the organization sees the appraisal more than bi-annually or annual ritual, that ends within the HR department.

➤ **The Performance Appraisal Process is a Waste of Time**

If not appropriately to align employees to organization' goal, performance appraisal would be a waste of time and resources. In the table below the opinion of employees are shown.

Table 12: PA Process is a Waste of Time

Performance Appraisal Process is a Waste of Time	Frequency	Percent	Valid Percent	Cumulativ e Percent
Neutral	2	7.1	7.1	7.1
Agree	6	21.4	21.4	28.6
Strongly Disagree	20	71.4	71.4	100.0
Total	28	100.0	100.0	
Mean				4.64
Std. Deviation				.621

The majority of respondent 20 (71.4.0%) of employees disagree, while 28.5 agree about the performance appraisal being west of time. Even though, the majority do not believe the performance appraisal is a waste of time, but there are quite few who believe it is a waste of time in the organization. The human resource director expressed her view positively about the existence of performance appraisal. From these we can say that, employees less believe in the existence of performance appraisal and there should be an awareness creation in the organization till employees believe about the existence of PA and it is not a waste of time.

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

In this chapter the main findings of the research are summarized and the conclusions reached from them are put in brief. After that recommendations are given to further strengthen the positive findings and to avoid or minimize undesirable findings.

5.1 Summary of the Findings

The major findings of the study are summarized as follows:-

- ❖ It's all about developing the 'will' and the 'skill'. Helping managers to understand the importance of effective performance appraisal, helping them develop the skills and then holding them accountable for applying those skills in practice.
- ❖ Most of the employees have the knowledge about the performance appraisal evaluation criteria used by the organization as confirmed by respondent.
- ❖ The appraisal process was found to be not participatory. That is, employees were not participated in the development of criteria and the same percentages of respondent were not informed before evaluation and did not participate during evaluation.
- ❖ The organization uses the same appraisal format for all employees irrespective of their job assignment.
- ❖ According to the organization policy performance appraisal is conducted twice in a year, but it lacks regularity that means it is not conducted on the designed time and administered by both immediate supervisor and department heads.
- ❖ As obtained from the data the organization does not use post appraisal discussion and feedback on the result of evaluation.
- ❖ Majority of the employee are not satisfied with performance appraisal system of the organization as confirmed by the respondent. The reason for their dissatisfaction is that the appraisal system lacks openness and transparency, the

absences of formal way of discriminating good and poor performer and incompatibility of the work assignment (contribution) and the weight given for their contribution.

- ❖ Both appraise and appraiser pointed out that the appraisal method used by the organization has weakness or limitation, and they suggest possible solution.
- ❖ The information generated through PA is at the moderate level in SC in providing incentives and job promotion to those employees', whose performance is at the level of the standard and above and makes both payment (annual increment) and promotion and training and development program.

5.2 Conclusion

In Conclusion, even if all the established criteria's are not used equally during evaluation process, the organization has evaluation criteria's that are familiar with majority of the employees. From the findings, it can be concluded that the organization fail to design and implement performance evolution criteria in accordance with what the job requires. as we all know Employee performance appraisal is conducted at the end of every six-month but this appraisal is undertaken without any recorded evidence, so this will lead the whole evaluation activity to be dominated by subjectivity and will create bias which results in unfair evaluation. It is also observed that participatory type of performance evaluation is not applicable before and during evaluation (lack transparency) as a result of which employee complained that there is no transparency in performance appraisal system and the reason they stipulate for this is lack of formal feedback mechanism in the organization and the poor system used in identifying good and poor performer.

Generally, speaking of the performance appraisal system of the organization, it can be concluded that employee of the organization are dissatisfied by the performance appraisal system of the organization due to different reasons such as lack of compatibility of the weight given for the criteria and their contribution (job assignment) and in most case un relatedness of job description and the criteria. To conclude we can also say that even if Performance Appraisal processes define individual performance, contribution expectations, learning and personal development. assess performance against those

expectations, provide for regular constructive feedback, and result in agreed plans for performance improvement they are a means of providing non-financial motivation and may also inform contingent pay decisions but it is not being implemented in save the children.

5.3 Recommendations

- ❖ The organization should prepare criteria based on the job description (job assignment) of individual instead of grouping different duties in broad category and making it more subjective.
- ❖ Appraisers or supervisors should develop a habit of writing day to day output in order to consult and convince employees at a time of evaluation and to discriminate good and poor performer. Moreover, it helps them to be free from bias or halo effect and give fair evaluation.
- ❖ Appraisal should be conducted on after each task on job assignment is performed and average of eight weeks and should be documented.
- ❖ The appraiser should be the immediate boss or supervisor, because he/she is the best to follow its continuous performance and to evaluate. In addition there should be transparency and intimacy between the appraiser and appraises (360 degree performance evaluation).
- ❖ All appraisers should discuss the result of evaluation to employees. The organization should develop mechanisms that check whether the appraise get consultation from his/her appraisers on time.
- ❖ Employee should get a chance to forward their complaint to someone if they are not satisfied with their rating. This condition will increase accountability of the appraisers when acting in performance evaluation. In addition it will force the appraiser to rate employee by giving due consideration.
- ❖ If it is not properly designed and handled, performance evaluation can be a source of employees' dissatisfaction. This dissatisfaction reflected on the overall activities, as a result poor quality of work will happen. So by

participating the employee, the senior management team along with HR must design and implement an appraisal system that is constructive and stand for mutual benefit of the organization and employees.

- ❖ Monitor the evaluation documents and consistency of performance ratings at senior management and at HR level. This should provide a mechanism whereby significant anomalies can be detected.
- ❖ Further training of the management team on how to address poor performance within their teams, while giving the employees an understanding of the confidential nature of the performance appraisal process should alleviate the concern among employees that poor performance is not being addressed.
- ❖ The organization should prepare a forum to collect idea about the weak and strong part the organization, concerning appraisal system and try to implement those possible solutions suggested by the employees.
- ❖ Since motivation enhances employees' moral for creativity and competition, this eventually brings about the attainment of organizational goals. Therefore, the organization understudy should work hard to use the information generated through performance appraisal for motivation of employees.
- ❖ From the current scenario of using the information generated through PA for promotion and payment at lower level, it is good of to use the information for balanced payment and promotions.
- ❖ SC need to maximize the use of PA in their respective managerial systems, in order to correct the behavior of employees with low performance and make them more efficient and effective. If this measure could not correct the behavior of their employees, the organization should consider the question of retention or discharge in order to minimize cost and maximize benefit of the organization.

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APPENDICES

APPENDIX I- Research Questionnaire for Save the Children employees

This questionnaire has designed to collect information for purely academic purposes. The information shall be used as a primary data for the research “to assess employee performance appraisal system in your organization. For any assistance regarding the questionnaire do not hesitate to contact me through the following address.

Eden Assefa, +251 911 867579, eduendi@yahoo.com

General Instruction:

1. You don't need to write your name.
2. The student researcher has scheduled to get the filled questionnaire back within three days.

I would like to thank you in advance for your kind cooperation.

S.No	Sex: _____ Age: _____ Total _____ years with the organization: _____ Education: _____ Type of organization: _____ Please express your view by marking a tick in relevant box.	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I know the existence of performance appraisal in the organization					
2	Performance appraisal helps people set and achieve meaningful goals					
3	Information generated through performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop their respective potential.					
4	Appraisers give you feedback on the result of evaluation on time and discussed on the matter.					
5	The criteria used to measure performance related to your job or job description					
6	My supervisor generally supports his evaluation with specific incidents of good and poor performances.					
7	In my opinion the performance evaluation system in is serving its purpose.					
8	I get timely and accurate feedback on my performance and growth					
9	The appraisal process is fair and transparent					
10	My rater frequently lets me know how I am doing.	<input type="checkbox"/>				
11	I always compare my performance rating with my colleagues.	<input type="checkbox"/>				
12	My supervisor accurately evaluates my performance to the extent that I will be rewarded for doing what I must or penalized for failing to do so.	<input type="checkbox"/>				
13	Performance evaluation is considered important task by my rater.	<input type="checkbox"/>				
14	I used to work hard only making sure that my supervisor watched what I am doing.	<input type="checkbox"/>				

15	The performance evaluation in my organization helped me improve my job performance.	<input type="checkbox"/>				
16	Performance appraisal enhances my personal development.	<input type="checkbox"/>				
17	The performance criteria/instruments used to measure my performance are clearly defined and objective	<input type="checkbox"/>				
18	In my opinion, the performance evaluation system in is serving its purpose.	<input type="checkbox"/>				
19	In my opinion, the performance evaluation system is fair and objective.	<input type="checkbox"/>				
20	My supervisor possesses and utilizes effective written/verbal communication skills in the formal appraisal process.	<input type="checkbox"/>				
21	I think the performance appraisal process is a waste of time	<input type="checkbox"/>				
26	Information generated through performance evaluation in is used to motivate subordinates through recognition and support.	<input type="checkbox"/>				

APPENDIX II- Interview Questions

1. What is your opinion regarding method of performance appraisal used in your organization?
2. What is your opinion about appraisal criteria used by the organization?
3. Do you use or apply these established criteria during evaluation? If not why?
4. Are the criteria of appraisal among different section (various job types) similar or different? Why?
5. Do you communicate the result of evaluation on time? If not why?
6. Do you entertain employee's complaint when they felt that they are not properly evaluated? If not why?
7. Do you think the performance appraisal method the organization used have weakness (limitation)? If yes what are those limitations?
8. What do you recommend should be the action that needs to be taken to improve the current PA system of the organization?