



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

**HUMAN RESOURCE MANAGEMENT
PRACTICES OF ETHIO TELECOM**

**BY
FETENE TEFERA**

August, 2017
Addis Ababa, Ethiopia

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,
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ABSTRACT

In today's business the ability to create a lasting competitive advantage is the driving force behind many organizations sustainable development. Human resource is one of the resources owned by an organization, which is used as a source of competitive advantage. Human resources are among the fundamental resources available to any organization. Performance appraisal is part of human resource management which a formal system of periodic review and evaluation of an individual's (employees) job performance. Performance Appraisal (PA) helps in measuring and evaluating performance of the employees in an organization. PA serves a two-fold objective. On one hand, it helps in identifying skill gaps present in the employees. On the other hand, it recognizes meritorious employees on the basis of their work and helps to design an effective reward system for organizations. The paper examines methods, process and the responsibilities of PA and the overall assessment of ethio telecom Performance Appraisal. The researcher uses questionnaire to collect the necessary data. The data gathered has been analyzed using the various statistical methods like tables, percentages. Immediate supervisor evaluates employees finally senior managers approve it. The company's major problems identified from the data collected are lack of knowledge by the rater, lack of fairness during evaluation, the purpose of Performance appraisal is not for reward/training and promote personal growth in the career rather to identify the strength and weakness of employees and to promote two way of communication. Based on the problems recommendations are suggested

Key words: *Employee performance, Performance appraisal, Employee productivity*

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CHAPTER ONE

INTRODUCTION

This chapter presents the introductory parts of the study. It embrace about background of the study, statement of the problem, research questions, objectives of the study, significance of the study and scope of the study.

1.1 Background of the Study

The formal performance appraisal system in human resource management becomes a buzzword that dragged the attention of both experts and researchers. The formal performance management systems start as a practice for polishing the human capacities. These capacities might incorporate the observing of employees, the assessment of contracting and preparing techniques and the approval of human resource management practices Moreover, the framework of a performance appraisal system is perplexing because of the numerous measurements developed by the managers for evaluating consequences in different setup. Performance appraisal is also being seen as having direct influence on job satisfaction and motivation of workers (Ahmad. R,& Ali. NZ, 2004). Thus it becomes a big challenge for the human resource professionals to provide better motivating techniques for good performance.

In contemporary era, verging on each organization whether it is public or private requires a framework to assess their employee's performance. The managerial information, ability, standards, commitment and appraisals might influence the employee's performance (Ikram, M, et. al; 2011). In nineteenth century Taylor's practiced a performance appraisal system predominantly and merit rating was developed through close system for legitimizing employee's wages and performance Actually, an employee performance appraisal system is used by the manager's to strengthen the human potentials hence to gain maximum benefit. Performance appraisal is that instrument which can be utilized to oversee employee's performance successfully. Research reveals that Performance appraisal framework creates the association between supplementary pay and remunerates competent work forces and enhance their inspiration and overall commitments. (Giangreco, et al., 2012).

The performance appraisal can be seen as the systematic description of individual job-relevant strength and weakness for the purpose of making a decision about the individual (Ahmad & Bujang, 2013). It can therefore be construed that an evaluation framework can extremely depend on vital measures, neither suitable nor reasonable, especially to the representative, whose performance is being assessed (Jan, et.al, 2014).

The literature revealed that performance appraisals are a practice to measure how individual employees are acting and how they can enhance their performance in the organization (Mohammad, M et.al, 2012). Motivation or commitment is the technique which is commonly used for capacity building. Motivation is a determined power that leads and coordinated a man toward some particular goals (Iskandar, et al., 2013). Performance management guides and persuades employees to expand their endeavors for the benefit of the organization to meet its key destinations.

Performance Management system (PMS) is the procedure that clearly includes certification and support of the employees inside the organization and that decides the outcomes, across the norms that are set by the organization (Neelam, et al., 2013). The performance evaluation system can upgrade advantages through effective motivation and avoided the suspicions in the present system (Shahzadi, J, et al., 2014).

The Employee engagement is the level of commitment and involvement an employee has towards their organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. It is a positive attitude held by the employees towards the organization and its values. Employee engagement is defined as a positive emotional connection to an employee's work. Engaged employees are inspired to go above and beyond the call of duty to help meet business goals. Engagement at work was conceptualized by Kahn, (1990) as the harnessing of organizational members'selves to their work roles. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. There are a number of factors that defines an employee as an engaged employee. The concept has evolved from existing positive factors that make an employee positively productive. This paper identifies the key variables that describe employee

engagement through a thorough literature survey and identifies the strength of impact of employee engagement in employee performance.

Employee Performance is outcomes achieved and accomplishments made at work. It is aimed at results as planned. Although performance evaluation is at the heart of performance management (Cardy 2004), the full process extends to all organizational policies, practices, and design features that interact to produce employee performance. This integrative perspective represents a configurationally approach to strategic human resources management which argues that patterns of HR activities, as opposed to single activities, are necessary to achieve organizational objectives (Delery and Doty, 1996).

1.2 Statement of the Problem

For the past two decades the contemporary economic environment has been evolving as a global marketplace characterized by intensified worldwide competition and increasing clientele' demands in terms of time, technology, and service. Under such conditions all functional areas within organizations have been challenged to demonstrate their contribution to the overall performance (Ferris, Arthur, Berkson, Kaplan, Harrell-Cook, & Frink, 1998). For the human resource management (HRM) function that "has traditionally been viewed as a cost to minimize and a potential source of efficiency gains" (Becker & Gerhart, 1996: 780), the call to justify its ability to create value has been particularly sound.

The debates within the field also concerned whether HRM should be conceptualized as a multiplicity of independent practices or rather a set of integrated and mutually reinforced practices (Boselie et al., 2005). Among the HR practices that have been studied separately, the performance appraisal (PA) practice is arguably one of the more crucial ones in terms of organizational performance and appears to be an indispensable part of nearly any HRM system (Shrivastava&Purang, 2011). The essential role played by PA's is confirmed by the fact that performance evaluation decisions are critical for the sequential HR actions and outcomes (Judge & Ferris, 1993). Indeed, as Boselie et al. (2005) have noted, the performance appraisal practice has been among the top four most studied in relation to

organizational performance, together with the training and development, contingent pay and reward schemes, and recruitment and selection.

According to Batt (2002) these four key practices constitute the most common conceptualization of strategic HRM (SHRM): 1) selective hiring of highly skilled employees, 2) investment in their training and provision of opportunities for personal discretion, 3) monitoring of employee progression towards selected performance indicators, and 4) rewards for meeting or surpassing their targets. However, the PA is not limited to complementing the other mentioned components. Its importance extends as a determinant of other functions' outcomes, namely assessment of training and development needs, and facilitation of reward and promotion decisions.

This research intended to assess the performance appraisal practices of ethio telecom. Strengths and weaknesses of the appraisal system are pinpointed. Finally, recommendations that are believed to solve any flaws encountered in the system are proposed.

1.3 Research Question

There are many issues to be addressed in this endeavor regarding the human resource management practices of Ethio telecom and the perception of employees towards its application in performance appraisal.

To this end, the thesis tried to answer the following research questions:

- ✓ What are the major reasons for conducting performance evaluation in ethio telecom?
- ✓ To what extent do employees receive the feedback on the result of performance evaluation in ethio telecom

1.4 Objectives of the Study

1.4.1 General Objective

The main objective of this thesis is to assess the HRM practice of ethio telecom system, process, method and the problems associated with this practice.

1.4.2 Specific Objective

Regarding the main objective, the specific objective of this study is intended to achieve the objective:-

- To identify what roles (purposes) performance appraisal system serves
- Know how the perception of employees towards the feedback process in performance evaluation

1.5 Significance of the Study

In order to give effective and efficient human resource management needs to be managed in accordance with acceptable theories and practices. Conducting research on human resource management practices help to assess the effect towards employee satisfaction is that the major reason that adversely influence its success may help the company:

- To bring improvement in overall recruitment and selection process in acquiring and staffing employees.
- To capacitate employees through training and development that helps to promote the carrier development.
- To improve the system of performance appraisal in suggesting modern performance appraisal system.
- To generate knowledge how to consider contribution related pays.
- To create perspective of employees participation in allowing to involve in decision making.

The study can also help the concerned parties to get feedback because; it points out the problem with one of human resource management practices and suggests remedial action to be taken. This study can offer valuable insight to the management of the company about the importance of applying best performance appraisal practice for better employee satisfaction.

The study can also be used as a secondary source of data for those individuals who want to conduct similar study or obtain information on similar issues as well as for further findings under related themes.

1.6 Scope of the Study

Looking in to the scope of human resource management practices, it would have a broad spectrum in dealing with a research parameter. This study concentrated on assessing specific human resource management practices in ethio telecom i.e performance appraisal. More specifically it focuses on the features of the HRM process that, given the appropriate configuration, would allow for the effective implementation of HRM systems. Due to the fact that the practices constituting HRM systems vary across organizations, reflecting different strategic approaches, and that the main focus of this thesis concerns the HRM process, rather than HRM content (the various practices and their specific goals), this thesis was structured around the on every generally implemented HRM practice, likely to allow for the comparison of individual responses from different corporations. The chosen practice also had to be significant both in terms of playing an important role in the overall HRM system, in order to elicit an appropriate depth of respondents' reflections. For the discussed purposes, this thesis focuses on the performance appraisal (PA) process.

1.7 Limitations of the Study

In addition to time and financial constraints there were some problems encountered during the research endeavor. Some of the problem was the respondents not returning the questionnaire in time and some are not properly filled. Other limitation of this paper is it has seen the satisfaction from the perspective of the employees only and not including managerial level staffs. This will impact the outcome since it is from one source only and certain degree of subjectivity is expected.

1.8 Organization of the Paper

The paper is structured in five chapters. The first chapter deals with an introduction to the reader about the thesis work, which composes the general background of the study, statement of the problem, the objective of the study, research questions, significance of the study scope of the study, and limitations of the study. The second chapter revises comprehensive theoretical and empirical literatures related to this study. The third chapter presents the methodology such as research design, population and sampling techniques, types of data, and tools/instruments of data collection, procedures of data collection, and

methods of data analysis which were used and chapter four enlightens about the analysis and interpretation of the data collected. Finally, the summary findings, the conclusions, the limitation faced and the suggested implications and recommendations discussed in chapter five.

CHAPTER TWO

LITERATURE REVIEW

This chapter revises literatures which are related to the subject matter of the study. From the related literatures this part incorporates the following points; the concept and definition of performance appraisal, importance of performance appraisal, the measurements of performance appraisal, consequences of performance appraisal, factors that influence performance appraisal.

2.1 Overview of the performance appraisal system

Performance appraisal (PA) has developed over the course of a century into a complex and costly management support tool. Although objective appraisal systems provide accurate measures of employee performance, they require both organizational support and maintenance.

For supervisors and managers, the appraisal system is an instrument. How they use it will depend on both their perception of the organization's needs and how well they have been trained in its use (Daley, 1992, p. 39-49).

When the quality of an individual's work performance is examined, PA is the preferred instrument. Ideally, PA is a lens that focuses the decision-making process on the appropriate job-related criteria. It becomes the means for assuring that a career is opened to talent and that the individual is rewarded meritorious performance (Daley, 1992, p. 39-49).

An organization's continuous effort to improve the quality of the performance of its employees depends, in part, on some estimate of the current level of performance compared to the level desired. Selection and promotion procedures, training programs, and steps taken to improve worker motivation are all evaluated, in part, by estimating the quality of the performance of the people involved.

The question, then, is not whether an organization should have a rating program but, rather, what kind of program it is to be. For the small organization, where everyone knows everyone else, the most informal evaluations are probably adequate. But larger organizations find that a systematic rating procedure is essential to efficient operation, because without it there is no record of an individual's progress and no meaningful way to compare his performance with that of people in similar jobs in other parts of the organization (Barret, 1966, pp. 1-2).

The largest single cost over which the typical organization has direct control is that of its payroll, but, paradoxically, most organizations keep better records concerning the quality of the performance of their machines, plant and equipment than they do of their people (Barret, 1966, pp. 1-2).

Various academicians and researchers on human resource management have defined performance appraisal in different ways. Deanne N. den Hartog, Paul Boselie and JaapPaauwe (2004) in their article entitled “Performance Management: A Model and Research Agenda” (p. 556-569) have cited the following definitions of performance appraisal:

- Performance appraisal is the system whereby an organization assigns some ‘score’ to indicate the level of performance of a target person or group (DeNisi, 2000).
- Performance appraisal is a system of review and evaluation of an individual’s (or team’s) performance (Mondy et al. (2002).
- Fletcher (2001) defines performance appraisal more broadly as “activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards” (p. 473). Defined as such, performance appraisal is an important part of performance management.

Robert L. Mathis and John H. Jackson (1997) defined performance appraisal as the process of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. It also has been called employee rating, employee evaluation, performance review, performance evaluation, and results appraisal.

2.2Purposes of performance appraisal

PA is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it also serves the organization as a means for validating selection and hiring procedures, promoting employee-supervisor understanding, and supporting an organizations culture (Daley, 1992, p. 39-49).

Performance appraisal serves a number of purposes in organizations. In general terms performance appraisal has two roles in organization, which are often seen as potentially

conflicting. These are administrative and developmental roles. Performance appraisals can be sometimes conducted for personnel research purposes (Mathis & Jackson, pp. 344). Those who favor formal performance evaluation contend that it serves several purposes, which are essentially extensions of the above two major roles (Ivancevich&Glueck, 1989, and Robbins, 1996). The following are some of them:

Developmental purposes: PA can determine which employees need more training and helps evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and encourages supervisors to observe subordinate behavior to help employees. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. Similarly, the effectiveness of training and development programs can be determined by assessing how well those employees who have participated do on their performance evaluation.

Reward and compensation purpose: PA helps the organization decide who should receive pay raise and promotions. It can determine who will be laid off. It reinforces the employee's motivation to perform more effectively. PA also provides information that can be used to determine what to pay and what will serve as an equitable monetary package. Decisions as to who gets merit pay increases and other rewards are frequently determined by performance evaluations.

Motivational purposes: The presence of an evaluation program has a motivational effect: it encourages initiative, develops a sense of responsibility, and stimulates effort to perform better. What defines performance in the expectancy model of motivation is the individual's performance evaluation. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance evaluation and that the favorable evaluation will lead to the rewards they value.

Legal compliance: It serves as a legally defensible reason for making promotion, transfer, reward, and discharge decisions.

Personnel and employment planning purpose: PA serves a valuable input to skills inventories and personnel planning. Performance evaluations can be used as criterion against which selection and development programs are validated. Newly hired employees who perform poorly can be identified through performance appraisal.

Communications purposes: Evaluation is a basis for an ongoing discussion between superior and subordinate about job-related matters. Through interaction, the parties get to know each other better. Evaluations fulfill the purpose of providing feedback to employees on how the organization views their performance.

2.3 Performance appraisal as part of the Performance Management System

Most people think that “performance management” and “performance appraisal” are one and the same thing. Performance appraisal is the process by which an individual’s job performance is assessed and evaluated. It answers the question, “How well has the employee performed during the period of time in question?” Thus it is only a part of performance management (Bacal, 1999, pp. 93).

Performance management, according to Bacal (1999, pp. 3-5) is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about:

- The essential job functions the employee is expected to do
- How the employee’s job contributes to the goals of the organization
- What “doing the job well” means in concrete terms
- How employee and supervisor will work together to sustain, improve or build on existing employee performance
- How job performance will be measured
- Identifying barriers to performance and removing them

Thus, it is advisable that organizations exercise performance appraisal as one of this ongoing communication process so that they can reap the benefits associated with it. It is also when performance appraisal is looked at in this way that employees’ perception of it as a developmental tool, rather than merely an evaluative instrument, can be enhanced.

According to Roberts (2001, pp. 506–558) performance management involves the setting of corporate, departmental, team, and individual objectives (sometimes labeled “policy deployment”, the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems; appropriate reward strategies and schemes; training and development strategies and plans; feedback, communication, and coaching; individual career planning; mechanisms for monitoring the effectiveness of performance management system and interventions and even culture management. Thus, performance management involves the day-to-day management, as well as the support and development of people.

2.4 Responsibility for Appraisal

Effective appraisals can be done by those who have:

- ✓ The opportunity to observe performance;
- ✓ The ability to translate observation into useful assessments;
- ✓ The motivation to provide useful performance evaluations (Chatterjee, 1995).

This being the case, the following are responsible for employee's performance appraisal.

Immediate supervisor: Traditional rating of employees by supervisors is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee's performance realistically, objectively, and fairly. The unity of command notion the idea that every subordinate should have only one boss – underlies this approach. The advantage to this source of appraisal is that supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control their subordinates continuously. Moreover, supervisors are accountable for the successful performance of their subordinates.

On the negative side, immediate supervisors may emphasize certain aspects of employee performance to the neglect of others. Also managers have been known to manipulate evaluations to justify their decisions on pay increases and promotions.

Managers and employees evaluate performance appraisal systems on different bases.

Managers tend to evaluate the systems on how well they aid in communicating with employees about their performance levels and if they aid in enhancing better performance (Mathis & Jackson, pp. 347-348). Employees rate the fairness of a performance appraisal higher if the following characteristics exist:

- Ratings are based on actual performance
- Standards are consistently applied
- Two-way communication is allowed during the interview

Peers: Peer evaluations are one of the most reliable sources of appraisal data. First, are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters results in a number of independent judgments. A boss can offer only a single evaluation, but peers can provide multiple appraisal. And average of several ratings is often more reliable than a single evaluation. On the downside, peer evaluations can suffer from coworkers' unwillingness to evaluate one another and from friendship-based biases. Moreover, peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction.

Self-appraisal: If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent in the best position to appraise their own performance. It is also appropriate under conditions where an employee is working in isolation or possesses a unique skill in which case he/she may be the only one to rate his/her behavior. Essentially, it is a self-development tool that forces employees to think about their strengths and weaknesses and set goals for improvement. Also, since employee development means self-development, employees who appraise their own performance may become highly motivated. Having employees appraise their own performance is consistent with values such as self-management and empowerment.

On the negative side, self-evaluations get high marks from employees themselves; they tend to lessen employees' defensiveness about the appraisal process; and they make excellent vehicles for stimulating job performance discussions between employees and their superiors. However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious drawbacks, self-appraisals are probably better suited to developmental uses than evaluative purposes.

Immediate subordinates: The concept of having supervisors and managers rated by employees or group members is being used in a number of organizations today. A prime

example of this type of rating takes place in colleges and universities where students evaluate the performance of professors in the classroom. There are three primary advantages to this source of appraisal. First, in situations where manager-employee relationships are critical, employee ratings can be quite useful in identifying competent managers. Second, this type of rating program can help make the manager more responsive to employees, though this advantage can quickly become a disadvantage if it leads the manager to try to be “nice” rather than to try to manage. Finally, it can be the basis for coaching as part of a career development effort for the managers. The hope is that the feedback will assist their managerial development.

A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The “proper” nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists workers may rate the manager only on the way the manager treats them and not on critical job requirements.

Group Appraisal: Group appraisal involves the use of two or more managers who are familiar with the employee's performance to evaluate it as a team (Mondy& Noe, 1990). For example, if an individual regularly works with the administrative and financial managers, these two managers might jointly make the evaluation.

2.5 Methods of Performance Appraisal

In order for performance appraisal to achieve its purposes, a variety of methods have been developed. The choice of a method depends on organizational ethos, its objectives in making the appraisal, its size, product, technology, etc. The most prevalent methods fall under four major groups, namely, category rating methods, comparative methods, narrative methods, and special methods.

2.5.1 Category rating methods

These are the simplest methods for appraising performance which require a manager (supervisor) to mark an employee’s level of performance on a specific form. The graphic rating scales, checklist and the forced choice method fall under this classification.

Graphic Rating Scale: This is the oldest and most widely used performance evaluation technique also known as linear rating scale or simple rating scale. It measures the degree of characteristics required for adequate performance of the job and consists of a number of characteristics and qualities which are judged on a point scale. The rater is presented with a set of traits such as quantity and quality of work, knowledge of job, cooperativeness, dependability, attendance, attitude, initiative, leadership, decisiveness, emotional maturity, etc. The supervisor evaluates these characteristics on a point scale from high to low, excellent to poor, etc. The advantage of this method is that it is easy to construct, understand, and use. Moreover, they allow for quantitative analysis and comparison. A major drawback to this method is its subjectivity and low reliability. Another limitation is that the descriptive words often used in such scales may have different meanings to different raters.

Checklist: The checklist is a simple rating technique in which the supervisor is given a list of statements or words and asked to check statements representing the characteristics and performance of each employee. There are several difficulties with the checklist:

- As with the graphic rating scale, the words or statements may have different meanings to different raters;
- Raters cannot discern the rating results if a weighted checklist is used; and
- Raters do not assign the weights to the factors-it is someone else, such as a member from the HR department who usually does so.

These difficulties limit the use of the information when a rater discusses the checklist with the employee, creating a barrier to effective developmental counseling.

Forced choice.... In its simplest form, the method consists of providing a list of behavior related statements. The supervisor is asked to indicate one least and one most descriptive statement for a particular subordinate. These statements are usually grouped in clusters of five based on a broad theme covered by these statement. Each statement carries some weight which is not known to the supervisor. One distinct advantage of this method is that it is very objective. The supervisor does not know the weights of the statements and hence can only check those that are most and least descriptive of an employee. There is no way he/she can favor a particular employee. However, the same can be said to be the most distinct disadvantage of the method. When a supervisor genuinely wants to reward an employee, he/she cannot do it because he/she doesn't know the weight of a statement. A

second disadvantage of a forced choice method takes lot of time, effort, and requires professional help.

2.5.2 Comparative methods

Ranking systems involve comparing people against each other and determining whether an employee is better than, the same as, or worse than his or her colleagues on the basis of some set of criteria (Bacal, 1999, pp. 93-107). Ranking systems have the potential to cause unwanted side effects. Because ranking systems compare colleagues, in a very real sense they push people to compete with each other. There are two ways for an employee to be ranked higher than his/her colleagues. One is to perform better and accomplish more. That is not bad. The second way is for the employee to make sure that his/her colleagues (competitors) perform worse and accomplish less, which is bad (Bacal, 1999, pp. 93-107). Comparative methods include ranking, paired comparison, and forced distribution.

Rankin: The ranking method consists of listing all employees from highest to lowest in performance. It is difficult to do if the group of employees being compared numbers over 20. It is also easier to rank the best and worst employees than it is to evaluate the average ones. Simple ranking can be improved by alternative ranking. In this approach, the evaluators pick the top and bottom employees first, then select the next highest and next lowest, and move toward the middle (Ivancevich&Glueck, 1989, pp. 353-355).

The primary drawback of the ranking method is that the size of the differences among individuals is not well defined. For example, there may be little difference in performance between individuals ranked second and third but a big difference in performance between those ranked third and fourth. This drawback can be overcome to some extent by assigning points to indicate the size of the gaps. Ranking also means that someone must be last. It is possible that the last-ranked individual in one group would be the top employee in a different group (Mathis & Jackson, 1997, pp. 354-355).

Paired comparison: This method requires the rater to compare each employee with every other employee working under him/her on the overall efficiency aspect (Saiyadain, 1999, pp. 196-197). The number of comparisons can be calculated using the following formula:

$$N*(N-1)/2 \quad \text{Where } N = \text{Number of people rated}$$

The paired comparison method gives more information about individual employees than the straight ranking method does. The large number of comparisons that must be made is the major drawback of this method (Mathis & Jackson, 1997, pp. 355)

Forced distribution: This method is developed to prevent the raters from rating too high or too low. Under the forced distribution method, the rater after assigning the points to the performance of each employee has to distribute his/her ratings in a pattern to conform to normal frequency distribution (Rao & Rao, 2004, 228-229)

There are several drawbacks to the forced distribution method. One problem is that a supervisor may resist placing any individual in the lowest (or the highest) group. Difficulties may arise when the rater must explain to the employee why he/she was placed in one grouping and others were placed in higher groupings. Further, with small groups, there may be no reason to assume that a bell-shaped distribution of performance really exists.

Finally, in some cases the manager may be forced to make distinctions among employees that may not exist (Mathis & Jackson, 1997, pp. 355). Generally, the distribution of performance appraisal ratings does not approximate the normal distribution of the bell-shaped curve. Hence this method is based on the rather questionable assumption that all groups of employees will have the same distribution of excellent, average and poor performers. If one department has all outstanding employees, the rater would find it difficult to decide who should be placed in the lower categories.

2.5.3 Narrative methods

Written appraisal information is sometimes required of some managers and human resource specialists. These methods are used when documentation and description of an employee's actions are sought rather than an actual rating. The two most widely used techniques that fall under this classification are the essay and critical incident methods.

Essay or free form appraisal: This method requires the rater to write a short essay describing each employee's performance during the rating period. It emphasizes evaluation of overall performance, based on strengths and weaknesses of employee performance, rather than specific job dimension. As raters may be required to enumerate specific examples of employee behavior, the essay technique minimizes rater bias and halo effect (Rao & Rao, 2004, pp. 234-235). A written essay requires no complex forms or extensive training to complete, but the results often reflect the ability of the writer. A good or bad appraisal may be determined as much by the evaluator's writing skill as by the employee's actual level of performance (Robbins, 1996, pp. 653).

Critical incidents: Critical incidents focus the evaluator's attention on those behaviors that are key in making the difference between executing a job effectively and executing it ineffectively. That is, the appraiser writes down anecdotes describing what the employee did that was especially effective and ineffective. The key here is that only specific behaviors, not vaguely defined personality traits, are cited (Robbins, 1996, pp. 653-654). Critical incidents, according to critics, are misleading because only the extreme and unusual elements are reported at the expense of the steady, day-to-day performance, which is the real substance of an employee's effectiveness. The unsystematic records kept by supervisors leave great room for the operation of the bias the system is supposed to eliminate, or at least to reduce (Barret, 1966, pp.52).

2.5.4 Special methods

These methods comprise behavioral ratings and management by objectives (MBO). Behavioral rating approaches. These approaches attempt to assess an employee's behaviors instead of measuring or quantifying outputs. Behavior-based performance appraisal formats which concentrate on the ratee's behaviors are most appropriate under circumstances where controlling behaviors or processes assumes that the desired output will result. In other words, they are most appropriate when the transformation process is understood or when there is a high degree of linkage between means and ends (Lee, 1985, pp. 322-331).

Some of the different behavioral approaches are: behaviorally anchored rating scales (BARS), behavioral observation scales (BOS), and behavioral expectation scales (BES). BARS match descriptions of possible behaviors with what the employee most commonly exhibits. BOS are used to count the number of times certain behaviors are exhibited. BES order behaviors on a continuum to define outstanding, average and unacceptable performance (Mathis & Jackson, 1997, pp. 356). BARS are presented below as representatives to behavioral ratings.

Behaviorally anchored rating scales (BARS): BARS combine major elements from the critical incident and graphic rating scale approaches: The appraiser rates employees based on items along a continuum, but the points are examples of actual behavior on the given job rather than general descriptions or traits.

BARS specify definite, observable, and measurable job behavior. Examples of job-related behavior and performance dimensions are found by asking participants to give specific illustrations of effective and ineffective behavior regarding each performance dimension. These behavioral examples are then translated into a set of performance dimensions, each dimension having varying levels of performance.

BARS are intended to specify in an ambiguous fashion the behavioral characteristics of effective and ineffective performance. Briefly, scales are developed by distilling critical incidents (examples of good and poor performance, supplied by those familiar with a job) into a manageable number of performance dimensions. The proposed advantage of BARS is that evaluator bias (halo, central tendency effects) is reduced as criteria of performance become more behaviorally grounded (Keely, 1978, pp. 428-438).

Management by objectives (MBO): This method of appraisal was introduced and made popular by Peter Drucker (1961). In this method, subordinate in consultation with the supervisor sets out short term objectives followed by specific actions that he/she has to carry out. The goals are jointly set and are action-oriented. Since they are verifiable, appraisal becomes easy. At the end of specified time period, the activities are jointly reviewed by both the subordinate and the supervisor, and depending on the performance of the subordinate, the goals are modified or redesigned for the next period of time (Saiyadain, 1999, pp. 200-201).

According to Mathis & Jackson (1997, pp. 358), three key assumptions underlie an MBO appraisal system. First, if an employee is involved in planning and setting the objectives and determining the measure, a higher level of commitment and performance may result. Second, if the objectives are identified clearly, and precisely, the employee will do a better job of achieving the desired results. Ambiguity and confusion - and therefore less effective performance - may result when a superior determines the objectives for an individual. By having the employee set objectives, the individual gains an accurate understanding of what is expected.

Third, performance objectives should be measurable and should define results. Vague generalities, such as “initiative” and “cooperation,” which are common in many superior based appraisals, should be avoided. Objectives are composed of specific actions to be taken or work to be accomplished.

MBO is no cure-all, no panacea for all managerial ills. It, too, has dysfunctional consequences (Flippo, 1980, pp. 221-222). First, when multiple activities are closely interrelated, one will have to move to establishment of group objectives prior to identifying individual responsibilities. A second limitation of the approach is the difficulty of applying it to many non-managerial positions. Considering the time and effort that must be allocated to a well-designed MBO plan, most firms restrict its application to managerial, technical, and professional personnel.

A final limitation is that MBO makes comparative assessment of multiple personnel rather difficult. In traditional assessment methods, all personnel are rated on common factors. In MBO, each person will have different sets of goals of non-comparable complexity and difficulty of accomplishment. Management must still make various decisions on a comparative basis – who gets the pay increase or who is to be promoted. Superiors will, however, develop a strong impression of a subordinate's effectiveness in an MBO program, not only in performances related to goal accomplishment, but also in his/her conception of the job and its major goals.

2.6 How often should appraisal be done?

Organizations use two basic timing periods for most employees. They are referred to as the anniversary date (the date the person entered the current job or a common review date). Under a common review date system, all employees are evaluated and compared so that such decisions as promotions, and merit pay increases have a common period of time being covered for all employees.

Researchers have found that feedback on performance should be given frequently and the closer the feedback to the action, the more effective it is. However, only few firms evaluate frequently. One way to reconcile the ideal with the reality in this respect is for the manager to give frequent feedback to employees informally and then formally summarize performance at evaluation time.

Another reason that some managers resist frequent subordinate evaluations is that they produce stress, especially if a rater has to use a system in which he/she has little faith or

confidence. There is also the stress associated with having to inform another person that he/she is not performing at acceptable levels (Srinivas & Motowidlo, 1987, as cited in Ivancevich & Glueck 1989, pp. 338-339). Researchers have found that raters under stress tend to notice and recall negative information about those being evaluated.

2.7 Potential Problems to Performance Appraisal

While organizations may seek the performance appraisal process to be free from personal biases, prejudices, and idiosyncrasies, a number of potential problems can creep into the process (Robbins, 1996, pp. 655). Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999, pp. 204-207).

2.7.1 Human Errors (rating biases)

Human errors are not called so because they just happen and supervisors may know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted:

Single criterion: A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors.

Leniency error: Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.

Halo error: This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.

Central tendency errors: Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to

management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao & Rao, 2004, pp. 247).

Recency vs primacy effect. One difficulty with many of the evaluation systems is the time frame of the behavior being evaluated. Raters forget more about past behavior than current behavior (Ivancevich&Gluedck, 1989, pp.331). Recency refers to the proximity or closeness to appraisal period. Generally, an employee takes it easy for the whole year and does little to get by the punishment. However, as appraisal time gets closer, he/she becomes very active creating an illusion of efficiency in the rater thereby affecting his/her appraisal decision.

Primacy is the opposite of recency. It refers to a situation where an employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

Similarity error: This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder& Simpson, 2006, pp. 34-40).

2.7.2 Problems of Criteria

Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform.

2.7.3 Problems of Confidentiality

One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this. First, each employee expects rewards if the report is better than average, which may not be administratively possible, Secondly, very

often supervisors pass the challenge to top management by saying that while they did give good ratings to the employee; top management did not take that into consideration. Thirdly, giving rewards is not the only objective of appraising employees. Given these reasons, it is emphasized that supervisory ratings of employees should be kept confidential. On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated. In fact, MBO, which is tailored to the individual, was introduced to take care of this problem. However, MBO does not readily provide the data needed for decisions on wage increase, promotion, and other personnel actions that require comparisons between two and more employees.

2.8 Factors Affecting Performance Appraisal

According to Ivancevich & Glueck (1989, pp. 322-324), there are several factors that have significance for performance evaluation. One factor is the task. A white collar or supervisory task is more likely to be formally evaluated than a blue collar task. In addition, the performance evaluation technique used will differ with the task being evaluated. Other factors affecting performance evaluation are government requirements, regulations and laws. By inducing organizations to keep better records to support their decisions, government action has indirectly encouraged better performance evaluation systems.

Keeley (1978, pp. 428-438) in his "Contingency Framework for Performance Evaluation" has proposed that different appraisal techniques would be appropriate to different organizational structures depending on the degree of task uncertainty. Thus the following are suggested:

- Behavior-based evaluation procedures (e.g., BARS) - those defining specific performance expectations and, hence highly "mechanistic" in structure – are most appropriate for certain tasks.
- Objective-based evaluation procedures (e.g., MBO) – those defining less specific performance expectations and, hence, moderately "organic" in structure – are most appropriate for tasks which are neither extremely certain nor extremely uncertain.
- Judgment-based evaluation procedures (e.g., multi-rater techniques) – those defining the least specific performance expectations and, hence, highly, "organic" in structure – are most appropriate for uncertain tasks.

Other factors influencing performance evaluation, according to Ivancevich&Glueck (1989, pp. 322-324) are the attitudes and preferences of employees. For people whose value fit the work ethic, evaluations can be very important. If this process is badly handled, turnover increases, morale declines, and productivity can drop. For employees with instrumental attitudes toward work, performance evaluation is just another process at work. Since work is not too important to them, neither are evaluations. They want a job to earn money, and that is it.

One important factor that can affect performance evaluation is the leader's (supervisor's) style. Supervisors can use the formal system in a number of ways: fairly or unfairly, in supportive manner or punitively, positively or negatively. If the supervisor is punitive and negative with an employee who responds to positive reinforcement, performance evaluation can lead to the opposite of the results expected by the enterprise.

Finally, if there is a union present in the organization, performance evaluations might be affected. Different unions take different positions in support or in opposition of formal performance evaluations. Most oppose the use of non-measurable, nonproduction-related factors in performance evaluation.

2.9 Employee Participation in the Appraisal System

One way of approaching appraisal lays emphasis on work performance rather than on the characteristics of the person doing the work (Beveridge, 1975, pp. 42-59). It involves a process of two-way communication not only about means to goals but about the goals themselves. In the midst of today's rapid technological and organizational change managers have to recognize the impossibility of knowing enough about the details of every job to be able to tell their subordinates what to do and how to do it. This recognition implies the acceptance of a new role, no longer that of the more all wise, all powerful autocrat but that of the more democratic resource person who discusses his/her subordinates' work with them, listens to their ideas, encourages their analyses of the problems involved, and their suggestions about how these problems may be dealt with. In this role the manager's task is to help his subordinates evaluate the usefulness of their strengths, assess their practicability, work out how best they may be implemented. The manager as appraiser no longer takes over control of his subordinates' work, as happened

in traditional appraisal, but enables them to perform their own work tasks more effectively. His/her role is not judgmental but enabling.

Appraisal in recent years has thus become a tool for corporate planning rather than a method for controlling individual jobs and assessing individual workers. The emphasis in an increasing number of organizations is directed towards work planning and review sessions where managers and subordinates are engaged in an interactive analysis of organizational behavior and the defining of organizational work goals. There are two points of special importance to be noted here.

First, this approach to appraisal will not work until there is mutual confidence between superior and subordinate. The appraising manager must have confidence in his/her subordinate's competence to analyze and assess his/her own job and in the realism and relevance of the work goals he proposes. The subordinate must also have confidence in his/her manager's comments on his/her work goals and on their interaction with the goals of others in the organization.

Secondly, discussion of individual goals in interactive groups is an increasingly important part of the appraisal procedure. Such discussion makes visible the real efforts of each man to his colleagues in the managerial team, identifies where his and their goals meet, and opens the way to a more effective coordination of their activities. It helps to prevent the manager foisting his own ideas about goal setting on to his subordinates, urging goals which may be unrealistic.

In the long run no goal setting exercise will prove effective unless the manager is prepared to work with his subordinates. If he is to force his views about the way the organization should be run and refuses to listen to the proposals of his subordinates who are engaged in doing the job, not even group resistance will prevail against him. Members of the group will then either escape the situation by finding other work or will stay on and make their main objective not the most effective performance of their jobs but the subversion of the manager's plans, or, finally, will become apathetic, doing what they are told to do, no more

and no less. The tragedy for the organization is that it is likely the best people who will leave.

2.10 Feedback and Appraisal Interview

Appraisal is properly a learning process. Through their interaction in the appraisal the appraiser and his/her subordinate each learn how to make a more effective contribution to the adequate performance of the work. If this does not happen, appraisal merely serves a cataloguing purpose, 'this man is effective; that man is ineffective.' To enable learning to take place, the appraiser must provide the opportunity for an analysis by the subordinate and himself of the subordinate's performance so that the later can see where he/she is doing well and where badly. This kind of feedback is essential to learning. At the same time the appraiser must allow the subordinate to exercise influence over his own work methods and targets (Beveridge, 1975, pp. 42-59). Beveridge et.al. Further stated that there are essentially four approaches used by managers to communicate performance feedbacks to (conduct appraisal interviews with) their subordinates.

The tell approach. The objective of traditional forms of appraisal seems to have been to control the job by controlling the man who did it; the emphasis of the appraisal was therefore on the man. The manager told his subordinate how in his opinion he was getting on, what his strengths and weaknesses were, and how he should set about developing the former and eradicating the latter. The manager assumed he had the right to do all these things because he was convinced he knew all about the job and the qualities required of the man who had to do it, he made a personal assessment of the subordinate's qualities and decided how far they were adequate or inadequate for the job, he acted indeed as a sort of judge.

Appraisal was essentially a one-way affair and the subordinate listened carefully and, if he wanted to keep his job and get on in the organization, did as he was told. This form of appraisal did not stimulate new ideas, it did not face the subordinate with many challenges but, so long as jobs did not alter very much, it kept the organization steadily ticking over. It was simply a 'tell' procedure.

The sell approach: Sometimes, if there was an element of discretion in the job an occasional opportunity to choose between two ways of carrying out some aspect of the job,

the manager might adopt a slightly less formidable tactic than the autocratic 'tell' approach; he might attempt to convince the subordinate that it would be best if he took the managerially approved course of action. He used the 'sell' approach, a manipulative style in contrast to the autocratic 'tell' approach.

The test approach: A variation of the 'tell' and 'sell' approaches' is the 'test' approach. This has the appearance of being more democratic in that it encourages discussion and decision-making by the subordinate but these are about means, not about ends. It is on a par with the behavior of the king who told his subject, 'I am going to have you executed but I wish to be democratic about it. You shall decide whether you wish to be beheaded, hanged or burned at the stake. It is entirely your decision; I have no wish to go down in history as an autocrat.' The 'test' approach allows for two-way rather than one-way communication. The objectives however are defined by the manager, not by the subordinate.

The consult and join approach. In this approach the subordinate is asked to look at his job critically and constructively, to assess its problem and difficulties, to determine what actions and resources are needed to improve work performance. The manager's role is to help the subordinate carry out this critical analysis and evaluate the proposed solutions which the two have devised together. The manager has also the task of ensuring the provision of resources needed to implement the agreed solution, resources over which he may have an authority which the subordinate does not possess. For many managers, few activities are more unpleasant than providing performance feedback to employees. In fact, unless pressured by organizational policies and controls, managers are likely to ignore this responsibility (Meyer, 1991, as cited in Robbins, 1996, pp. 458-659).

There seems to be at least three reasons for managers to be reluctant to give performance feedback. First, managers are often unwilling discussing performance weaknesses with employees. Second, many employees tend to become defensive when their weaknesses are pointed out. Lastly, employees tend to have an inflated assessment of their own performance.

The solution to performance feedback problem is not to ignore it, but to train managers how to conduct constructive feedback sessions. An effective review – one in which the

employee perceives the appraisal as fair, the manager as sincere, and the client as constructive – can result in the employee’s leaving the interview in an upbeat mood, informed about the performance areas in which he/she needs to improve and determined to correct the deficiencies (Nathan, Mohrman, Milliman, 1991, as cited in Robbins, 1996, pp. 458-659).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents details of the research design and methodology which were used in the research. This includes the research design, sample size and sampling technique, data source and collection method, measuring instrument and method of data analysis. Finally the validity and reliability tests are presented.

3.1 Research Design

This study is a survey method study that uses descriptive statistics in which the data is collected using questionnaire administered to the employees. Descriptive research helps to see and explain the phenomenon as it is and get the whole picture with how the performance appraisal practices is impacting employees' satisfaction.

Survey research is a research method involving the use of standardized questionnaires or interviews to collect data about people and their preferences, thoughts, and behaviors in a systematic manner. The survey method can be used for descriptive, exploratory, or explanatory research. This method is best suited for studies that have individual people as the unit of analysis. Although other units of analysis, such as groups, organizations or group of organizations, such as buyers and sellers), are also studied using surveys, such studies often use a specific person from each unit as a "key informant" or a "proxy" for that unit, and such surveys may be subject to respondent bias if the informant chosen does not have adequate knowledge or has a biased opinion about the phenomenon of interest. AnolBhattacharjee (2012)

In view of the above this research is conducted to assess the performance appraisal practices on employee satisfaction in ethio telecom. This is based purely on the data collected from the employees through the questionnaire.

3.2 Population of the Study

The population selected for this study is ethio telecom head quarter employees with the total of 2173as of June, 2017. Ethio telecom divides all its staff based on the job fields in to four (Support, Information Systems, Network and Commercial) the head quarter is selected specifically for this since it encompasses all of the four job families as compared to the

regional and zonal offices and also it has the majority of the staff as compared to any single other location or it is believed to be representative of the whole organization. A proportionate sample size was selected from all the job fields.

3.3 Sampling Method /Sample Size/

Out of the total population of 2173 employees which are located at head office in Addis Ababa which was used as a sampling frame. The head quarter has all the job fields, families and job titles in the organization which is found in the organization and some which are not found elsewhere in the organization. Based on their number proportionate samples were drawn from all of the strata in simple random sampling and the total sample size was 217. The stratified sampling is used to make sure that every group is represented and also the size of the group is considered and proportionate sample size is allocated to each. The questionnaires will be self-administrated and where collected personally by the researcher. The total sample will consist of employees representing different departments and responsibilities. The sample size was determined using the following formula developed by Yamane (1967:886).

$$n = \frac{N}{1+N(e)^2} \quad \text{Where } n = \text{Sample size}$$

N= Total population

e= Level of precision

Source: - Glenn D. Israel (1992)

3.4 Data Collection, Analysis and Presentation

In the procedure of collecting concerned data, Questionnaire was used as the main method of data collection. Primary data was gathered to study the practices of performance appraisal in the case of ethio telecom. For the purpose of this study, a structured questionnaire consisting of 23 questions was made to collect data. It was organized into two sections and was used to collect primary data from employees.

Section one consisted of 6 questions regarding the personal details of respondents such as age, experience, sex, title, education and marital status.

Section two was designed to test employees' perceptions performance appraisal practices. The performance appraisal measured using five point Likert scale. The scaling is: 1 strongly disagrees, 2 disagree, 3 neutral, 4 agree and 5 strongly agree have been given in order to analyze data.

The collected data is processed using the Statistical Package for the Social Sciences (SPSS) version 20 for the purpose of analysis and presentation of the findings. The data will be presented using descriptive statistics with the help of charts, frequency tables and graphs to provide information.

3.5 Validity

Validity refers to whether an instrument actually measures what it is supposed to measure, given the context in which it is applied (Babbie and Mouton, 1998; Bless and Higson-Smith, 1995). Validity can also be thought of as utility. Furthermore, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested.

In order to determine the validity the data collection instrument was tested using the HR professionals at headquarter as a pilot test from the feedback in formulating the questions and also the wording to see how many will understand it and interpret it as intended.

3.6 Reliability

Reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Easterby-Smith *et al.* 2008). According to Hair, et al., (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. In addition Bryma and Bell (2003) confirm the Cronbach's Alpha result of 0.7 and above implies acceptable level of internal reliability.

The reliability of the questionnaires is tested using SPSS v.20 Cronbach's Alpha and was found to be 0.732 for employee satisfaction questionnaire and the result is as follows that the questionnaires administered are reliable to be used.

Table 3.1: Reliability Statistics for Performance appraisal evaluation

Items	No. of Items	Cronbach's Alpha
Purpose of Performance Appraisal	5	0.778
Employee Attitude toward the rater	5	0.748
Performance Appraisal Standards	4	0.734
Ability of the criteria used measure their true performance	1	0.727
The Employees' perception towards the Fairness of the performance Evaluation system	5	0.732
Performance Appraisal Feedback and communication	3	0.788

3.7 Ethical Consideration

The researcher reflects on the ethical issues in every aspect of the activity doing this study. While revising the literature which is done previously by different scholars the researcher try to acknowledge each of the literatures source .Furthermore, when distributing the questionnaires, respondents are assured that the information they provide is confidential and used for academic purpose only. Moreover a statement conform the prohibition of including any identity details or personal references in the questionnaire. This was to avoid any biased response or unauthentic data provided by respondents and to make participants safer in filling the questionnaire. As the result the gathered data was kept confidential and would not be used for any personal interest and also the whole process of the study controlled to be within acceptable professional ethics.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRITATION

This chapter enlightens about the results and interpretation of the primary data which is gathered through structured questionnaire. The first portion presents the preliminary analysis, the process through which the result obtained and the background information of the respondent.

Finally, the statistical method of analysis, which applied to test the descriptive analysis, a correlation analysis, and a multiple regression analysis through SPSS version 20 discussed.

4.1 Analysis Approach

Prior to analysis, Cronbach's alpha was calculated for the employee satisfaction scales to assess reliability. The alpha coefficient of 0.732 found and it indicates extensive reliability. According to the guidelines provided by Robinson et,al(1991), where "0.80 or better = Exemplary,0.70- 0.79 =Extensive,0.60- 0.69 = Moderate,<0.60 =Minimal". Furthermore, all the measurement *alpha* coefficients also have shown extensive reliability with the slight difference on their score.

The chapter presents an analysis of the information designed to respond to the research objectives as outlined in the study. There are two subsections presented in the questionnaire. The first is a general section, which addresses the respondents' demographic characteristics. The other subsections address specific research objectives and they include the general information, the extent to assess the evaluation of performance appraisal.

To facilitate simplicity in conducting the empirical analysis, the results of the descriptive analysis is presented, which is utilized is based on frequency tables, pie charts and graph to provide information on the demographic variables.

Two hundred seventeen questionnaires were distributed to the respondents and out of these questionnaires, 210 of them were collected that accounts 96.77% response rate. Accordingly, the analysis of this study is based on the number of questionnaires collected.

4.2 Descriptive Statistics

Descriptive statistics is used to determine the main features of the collected data in quantitative terms. Tables, frequency distributions and percentages to provide a condensed picture of the data offered the descriptive statistical results.

4.2.1 Background Information of Respondents

Table 4.1: Background information of respondent

	Frequency	Percent (%)	Cumulative (%)
<i>Gender</i>			
Female	90	43.1	43.1
Male	120	56.9	100
Total	210	100	
<i>Marital Status</i>			
Single	117	55.6	55.6
Married	93	44.4	100
Total	210	100	
<i>Education level</i>			
Diploma graduate	0	0	0
First degree graduate	145	69	69
MBA\MSC	65	30.9	100
Total	210	100	
<i>Work experience</i>			
1- 2years	24	11.4	11.4
3-5years	42	20.0	31.4
6-10years	105	50.0	81.4
More than 10years	39	18.6	100
Total	210	100	
<i>Age</i>			
Under 25	0	0	0
26 – 34	99	47.1	47.1
35 – 44	69	32.9	80
> 50	42	20	100
Total	210	100	

Source: Own Survey, June, 2017

Table 4.1 presents the background information of the respondents participated in the study. Gender, age, educational level and work experience of the sample respondents are exhibited in the table. The survey showed that there were more male employees as compared to female employees in the sampled ethio telecom head offices. Male respondents represented 53.9%; on the other hand 46.1% were females. And the majority of the sampled respondents are single with the percent of 57.6 and the remaining 42.4 percent is married.

With regard to educational level of respondents, Diploma graduates represented 6.4% of the total respondents, and degree graduates represented 73.4%. Finally, 20.2% of the respondents were MBA or MSC graduates. It can be said from the survey that, most of sampled employees of ethio telecom were degree and above graduates, therefore, they would have the ability to understand in filling the questionnaire.

Item number 3 of the table further indicates work experience of respondents. From the table, 19.5% of the respondents worked in ethio telecom from one year up to two years, 17.2% of the respondents worked from three years up to five years long, 45.5% of the respondents worked in ethio telecom from six years up to ten years long. Finally, respondent employees who worked more than ten years hold 17.8 % in the sample. From this one can understand that most of the employees in ethio telecom have a work experience from five years up to ten years.

Item number 4 of the table designates that most of the sampled respondent's age group ranges among 26 to 34 that is 47.1% of the respondents which illustrates that the larger number of ethio telecom employees are in most productive age group. The second larger group of age is from 35 – 44 holds 33% of the respondents.

4.2.2 Purpose of Performance Appraisal

It is possible to know that majority of employees (52%) agree that the purpose of performance appraisal is to identify strength and weakness, while (30%) disagree, and (18%) are indifferent. This shows that it is possible to conclude that one of the purposes of performance appraisal of ethio telecom is to identify the strength and weakness of employees.

Table 4.2: Purpose of Performance Appraisal as perceived by Respondents

No	Items	5	4	3	2	1
1	Identify strength and weakness	6%	46%	18%	23%	7%
2	Base for reward or training	11%	23%	9%	41%	16%
3	Promote two way system of communication	18%	41%	17%	20%	4%
4	Base to determine appropriate salary	11%	21%	16%	31%	21%
5	Promote personal growth in the career	7%	21%	8%	39%	25%

Source: Own survey June, 2017

On the other hand, most of the respondents (57%) of employees disagree that the purpose of performance appraisal is a base for rewarding or training, while (34%) agree, and (9%) are indifferent. This explains that no remedies follow i.e. either reward or training for employees once after they are evaluated and know their strength and weakness.

On the statement indicating the purpose of performance appraisal contributes toward promoting two way systems of communication shows that the majority (59%) of employees agrees, while (24%) disagree, and (17%) are indifferent. This clarifies that while conducting appraisal, there is an open two way systems of communication and discussion which results in finding out the true strength and weakness of employees.

More than half of the respondents (52%) disagree with statement that explains performance appraisals a base for salary increment, while (33%) agree, and (16%) are neutral. This illuminates that the result of performance appraisal will not be used as a base for salary increment.

Meanwhile, the majority of employees (64%) disagree on the statement that explains performance appraisal promote personal growth in the career, while (28%) agree, and (8%) are indifferent. This elucidates that as the result of performance appraisal is not supported by either reward for the achievements (strong side) or training for (weak side), there is no personal growth career of employees.

To conclude, the main purpose of performance appraisal as perceived by respondents is to identify the strength and weakness of employees and to promote two way of communication were rated high with the percentage of 52% and 59% respectively.

Meanwhile, items like it is for reward/training and promote personal growth in the career were also rated low (disagreement) with percentage of 57% and 64% respectively. This figure enables us to explain that the purpose of ethio telecom performance appraisal to some extent varies from the theories in which various authors have mentioned as the purposes of performance appraisal, that is, to make managerial decisions, for identifying training needs, to decide on demotion, to transfer and reward.

4.2.3 Employee Attitude toward the Rater

Table 4.3: Employee Attitude toward the rater

No	Items	5	4	3	2	1
1	Appraisers lack training	16%	38%	22%	19%	5%
2	Appraisers gives equivalent ratings	13%	34%	26%	20%	7%
3	Appraisers keeps file during evaluation periods	16%	14%	26%	36%	8%
4	Appraisers is influenced by persons liking and disliking	6%	25%	27%	27%	15%
5	Appraisers frequently lets me know how I am a doing	18%	17%	20%	40%	5%

Source: Own survey June, 2017

Majority of the respondents (54%) agree that appraiser's lack training, while (24%) disagree and (24%) are neutral. This shows that appraisers do not have knowledge in which it highly affects the evaluation.

The level of agreement regarding the statement that explains appraiser gives equivalent ratings, majority of the respondent (47%) agree, while (26%) disagree and the rest (27%) are neutral. This explains that just for avoiding a rivalry among employees the appraisers tend to give equal ratings which discourage the hard worker since no difference is noted between those who perform well and poor. The cause for this also related with the lack of necessary knowledge and skills on the side of the appraiser.

Regarding on the item that says appraiser is influenced by personal liking and disliking, the majority of the respondents (44%) disagree, while (30%) agree and (26 %) are neutral. This item also directly related with performance standards/criteria objectivity i.e. appraisal is conducted against the pre-established criteria and now with the personal bias.

Concerning the item appraiser keeps file during the evaluation periods, the majority of the respondent (42%) disagree, while (31%) agree and (27%) are neutral. This indicates that appraiser feels that evaluation is a onetime activity and is exposed to commit recency error i.e. to look for only recent performance.

In addition to this, respondents were asked appraiser frequently lets me know how I am doing, the majority (45%) replied that they disagree, while (33%) agree and (20%) are neutral. This explains that since appraiser does not keep a record on employee performance, he is unable of providing the right feedback at the right time and misleads the whole hale year performance of the employee by concentrating all the recent performance. Besides, since performance is conducted regularly and employees also know the evaluation period, the employee shows his maximum effort in performing very well during evaluation time approaches whereby the employee was poor performer for more than a half quarter.

To sum up, regarding employee attitude towards the rater, from the listed five items, that there is lack of skill and knowledge on the appraiser side was rated high with (54%) and appraiser gives equal rating was supported by employees with (47%). Meanwhile, appraiser keeps file during evaluation period and appraiser frequently lets me know how I am doing was rated low with percentage of disagreement 45 and 44 respectively.

Regarding appraiser is influenced by personal liking and disliking was rated low with a percentage of disagreement 42%.

4.2.4 Performance Appraisal Standards

This part deals with the analysis of assessment of performance appraisal criteria in ethio telecom. To this end, respondents were asked the level of agreement on how objectively it measures staff performance.

Majority of the respondents (47%) agree on the statement that appraisal criteria are objective, while (33%) disagree and (21%) are neutral. Though performance criteria are objective, most of the respondents (45%) agree that the elements mentioned criteria failed to distinguish effective from ineffective performers, while, (35%) disagree and (21%) are indifferent. In addition, majority of the respondent (55%) disagree that the criteria are exhaustive to appraise performance while, (29%) agree and the rest (17%) are neutral.

Table 4.4: Performance Appraisal Standards/criteria as perceived by the Respondents

No	Items	5	4	3	2	1
1	Criteria are objective	12%	35%	21%	22%	11%
2	Criteria distinguishes of performance	11%	34%	21%	26%	9%
3	Criteria are relevant to job	10%	25%	22%	29%	18%
4	Criteria are exhaustive to appraise performance	3%	27%	17%	36%	19%

Source: Own survey June, 2017

The majority of the respondents (47%) disagree, regarding the statement which stated as the criteria are customized to my job characteristics, while (35%) agree, and (22%) are neutral. This explains that performance criteria elements are not segregated depending upon the different jobs types which decreases its efficiency.

To sum up, from the above four items mentioned under performance criteria, only appraisal criteria are objective was rated positively whereby others including elements mentioned in the performance criteria are capable of distinguishing effective form ineffective performers, customization to the specific job characteristics was rated negatively by the respondents which negatively affected the overall performance of an employee and the system of the company at large.

This part sees to assess how employees perceive the rater/appraiser and the problems that affect staff performance appraisal. Hence, the following items have been identified in the study and the response were presented, analyzed and interpreted below.

4.2.5 Ability of the Criteria Used Measure their True Performance

The criteria used to measure the performance of the employees should be relevant. It should be able to measure work related behaviors instead of measuring personal traits and at the same time it should take into account the practical difficulties and environments with in which the job is executed. However, the review of the personnel policies and procedures manual with regard to the criteria and guidelines used to measure the performance of workers in the company indicated that both job related and personal qualities are used as a standard. Furthermore, the analysis of the evaluation form used to measure the performance of workers comprises of personal qualities as a criterion to measure the

performance of the employees. For instance, health condition, neatness, and personal appearance are some of personal trait based criterion used in the company.

In this respect, the opinion of employees towards the ability of the criteria to measure the true performance of the workers in the organization based on gender are identified and summarized in the table 4.4 shown below.

Table 4.4: The attitude of employees towards the ability of the criteria used measure their true performance by age and sex

Items	The ability of the criteria used measure their true performance	5	4	3	2	1
Age	<25	3%	8%	11%	71%	7%
	25-34	2%	19%	18%	55%	6%
	35-44	1%	11%	0%	84%	3%
	>45	0%	0%	0	100%	0%
Gender	Male	3%	11%	14%	69%	3%
	Female	2%	31%	13%	49%	4%

Source:Own survey June, 2017

As it is possible to observe from the above table, 87.5% of the respondents whose age ranges between 35-44 years disagree with the statement that says ‘the performance evaluation criteria used in the organization is capable of measuring my true performance’. Moreover, the majority of the respondents in the age range of less than 25, 77.8% argued that the evaluation criteria do not measure their true performance. In addition, among the respondents whose age ranges 25-34(61.3%), 45- 54(66.6%), 55 and above(100%) disagree with the statement. The proportions of the respondents who agree with the statement are insignificant.

Based on gender, about 72% of the male and 53.3% of the female respondents disagree with the statement whereas 14% of the male respondents and 33.3% of the female respondents argued that they agree with the statement that the criterion used can truly measure their performance.

From this, it is possible to infer that female respondents have more positive attitude towards the ability of the criterion to measure their true performance than male respondents. It is further implied that, at least, the majority of the employees don’t perceive

that their performance is measured; thus the performance record does not reflect their true performance.

As a result, if the criteria used are not truly measuring the actual performance of the employees, its appropriateness and legality of the use of the information generated through performance evaluation to make various Human Resource decisions will be questionable.

4.2.6 Fairness of the Performance Evaluation System

As it is shown in the literature, Folger, Konovsky, and Cropanzano; cited in M.S. Susan., (1995), performance evaluation system is fair if:

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

In order to assess the employees' perception of the fairness of the performance appraisal system of ethio telecom, questionnaires were distributed and thus the results are summarized and presented in the following table (Table 4.6).

As it is possible to observe in the below table, about 71% of the participants agree with the idea that 'my rater evaluates my performance based on my accomplishment and achievement' whereas about 20% of the respondents disagree with the statement and about 9 % of the respondents argued that they neither agree nor disagree.

A further analysis showed that about 38% of the respondents disagree with the statement 'in my recent evaluation, my rater gave me a fair assessment compared to my co-workers' whereas about 31% of the respondents agree with the idea and the rest of the participants become neutral with the statement.

Table 4.6: Summary of the Employees' perception towards the Fairness of the Performance Evaluation

No	Items	5	4	3	2	1
1	I am evaluated based on my work.	20%	51%	9%	19%	1%
2	my rater gave me a fair assessment	9%	32%	11%	37%	11%
3	Existence of well-established appeal process whenever needed	1%	73%	6%	18%	2%
4	The existence of the room for challenging unfair rating	5%	81%	4%	8%	2%
5	The fairness and impartiality of the evaluation system	3%	50%	15%	31%	1%

Source: Own survey June,2017

In addition to this, majority of the respondents (20%) disagree with the statement ‘I have ways to appeal a performance rating that I think is biased or inaccurate’ while about 74% of the respondents agree with the existence of the grievance handling process but they do not believe in its transparency and about 6% of the respondents became neutral.

On the other hand, minimum of the respondents disagree with the statement ‘I can challenge a performance rating if I think it is unfair’ while about 88.6% of them agree with the possibility of challenging the rating if they think that the result of the appraisal are unfair and inaccurate whereas about 4% of the respondents became neutral to the argument.

With respect to the objectivity and fairness of the performance appraisal system, about 32% of the respondents disagree with the fairness and objectivity of the appraisal system; while 53% of the respondents agree with the fairness & objectivity and almost 15% of the participants became neutral with the statement. This shows that the appraisal system of the company is fair and objective.

4.2.7 Performance Appraisal Feedback and communication

After the appraiser has completed the appraisal, it should be communicated to the employee. Feedback helps employees realize their potentials. In addition providing feedback is believed to be the subordinate rights to know. Most of employees of

ethiotelecom employee well known on conducting of performance appraisal in their organization they are allowed of look in to their PA result. By doing so, they will express their opinion towards the suggestion and recommendation given by different raters. Their opinion is to show their agreement or disagreement towards the given result. Thus the response from the questionnaire shows that 100% of the respondents answered they are allowed to see their performance appraisal result.

Table 4.7: Summary of the Employees’ perception on Performance Appraisal Feedback and communication

No	Items	5	4	3	2	1
1	I can see performance appraisal result	30%	70%	0%	0%	0%
2	I discuss on my performance appraisal results with the appraiser	5%	82%	0%	9%	4%
3	I appeal to a higher officer of my organization when I perceive my performance appraisal result is un fair	8%	78%	0%	11%	3%

Source: Own survey June,2017

The other part of the question was asking whether employees’ discuss about the performance appraisal result with their appraisers or not. For these questions, 181 out of 207 employees agree with the statement, while the remaining 26 not agree with the statement. The figure shows about 87% agree and the rest 13% not agree.

The last questions asked to the respondents whether they can appeal to a higher official in case when they perceive that the performance appraisal result is not fair. Table 4.7 portrays the views of respondents on appeal to a higher officer of the organization when he perceives the performance appraisal result is unfair. A convincing 86% of respondents agree with the statement that there is plat form and use that plat form. However, 14% disagree with statement. The results suggest that there is a room for any complains hearing body related to performance appraisal system.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter being the last part of the study deals with conclusion and recommendations. The main purpose of this study was to assess the impact of human resource management practices on employee satisfaction in the case of ethio telecom with regard to the practices of recruitment and selection, training and development, performance appraisal, compensation and benefit, grievance handling,

Based on the research questions stated at the beginning of the study, the findings were obtained from the responses of employees from head office of ethio telecom.

5.1 Summary of major findings

- ✓ The demographic characteristics of the respondents revealed out that gender wise about 56.9% are male and the remaining 43.1% are female. The majority of the respondents were in the age category of twenty-one up to thirty years being followed by under 31-40 years age group. Moreover, the result of the study indicated that the work experience of the respondents is between 6 to 10 years being followed by more than 10 years. Education wise, the majority of the respondents were first-degree holders and followed by Master's Degree, which is 30.9% of the respondent.
- ✓ The main purpose of performance appraisal in ethio telecom as perceived by respondents is to identify the strength and weakness of employee and to promote two way of communication were rated high with the percentage of 52 and 59 respectively.
- ✓ Salary increment were rated low (disagreement) with the percentage of 52%, the remaining items including it is a base for reward/training and promote personal growth in the career were also rated low (disagreement) with the percentage of 57%, and 64% respectively. The above two items are not sufficient unless it is supported by reward, training which in turn leads to the overall personal growth in the career.

- ✓ It was noted from the majority of the respondents (54%) said that there is lack of skill and knowledge on the appraiser side & which in turn leads to giving equivalent ratings with a percentage of agreement 47%. Meanwhile, appraiser is also weak in keeping file during the evaluation periods and in frequently letting know how they are doing was rated high (30%) and (35%) respectively. Regarding appraiser is influenced by personal liking and disliking was rated low with a percentage of disagreement 42% which indicates objectivity of the criteria.
- ✓ Most of the respondents agreed that appraisal criteria are objective but failed to distinguish effective from ineffective performers and are not customized to job characteristics
- ✓ The majority of the respondents agree that the performance evaluation system of the organization is fair in such a ways that it does have well defined grievance handling procedure and it is transparent if in case the rater question the accuracy of the rating.

5.2 Conclusion

The finding of the study indicate the fact that there is absence of skill and knowledge on the appraiser's side and no clear communication was in place prior to implementation had resulted in failing appraiser to keep file during evaluation periods and in giving equivalent ratings to all for simply avoiding rivals. Because appraisers commit error, employees are not distinguished very well between the good and poor performers. Hence, performance appraisal can adversely affect the morale of the employees and create dissatisfaction among the employees there by in return affecting personal improvement and organizational development variables.

The study concluded that using performance appraisals systems in order to indentify employees rewards and provide an opportunity to set individual development plan, encourage the individual work planning and achievement of targets and making management make informed decisions in on how to promote their employees .

5.3 Recommendation

In view of the findings and the problems mentioned above coupled with the review of related literature the following recommendations are suggested

- ✓ The study showed that appraisers lack the required skill and knowledge. Employees are more likely to recognize that performance appraisal is free of personal judgment (bias) when the two conditions fulfill that is when they are confident on their managers that they have the required skill and knowledge and when the criteria are job specific. Thus it is recommended that ethio telecom should devise training for its appraisers to make them equip with all the required skill which in turn will avoid problems related with failing to keep file during evaluation periods, giving equivalent ratings to all regardless of their performance and to develop job centric evaluation criteria will lead to personal improvement and organizational development.
- ✓ Performance appraisal standards/ criteria and understanding the purpose of performance appraisal are the next most significant dimensions influencing directly personal improvement and organizational development. Thus management should devise a way that a criterion to be related with job description helps the appraiser to focus on the employee performance at work. With respect to understanding the purpose of performance appraisal the management should also consider on the development aspect of performance appraisal too since only identifying strength and weakness of the employee (informative in purpose) will not yield in personal an organizational development to the requires level unless it is supported by reward for good work/training for the poor performance.
- ✓ The criteria of appraisal should be developed from the job analysis. The more the criteria of evaluation are related to the job analysis the more it will be objective. Thus, developing the criteria from job analysis and evaluating is far better.
- ✓ The performance appraisal system is an important factor for employee motivation. Performance appraisal system helps improve employee job performance and

motivation at work. There should be regular assessment of performance to enhance their motivation. Performance appraisal system should be essential for measuring job performance and employee motivation. The performance standards should be pegged against an individual actual performance, which is essential for employee motivation. The appraisal process should be accurate and consider the current job descriptions to boost the employee productivity and motivation.

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QUESTIONER

St.Mary's University School of Graduate Studies MBA Program

Dear respondents

This questionnaire is prepared to employees of ethio telecom. The objective of the questionnaire is to collect information about the performance appraisal system of ethio telecom. The information you provide will be valuable for the successes of the research project. Please be honest and objective while filling the questionnaire. The information you give is used only for academic purpose and will be kept confidential.

Part I Personal Details

Sex	<input type="checkbox"/>	Male	<input type="checkbox"/>	Female
Marital Status	<input type="checkbox"/>	Single	<input type="checkbox"/>	Married
Education	<input type="checkbox"/>	Diploma graduate	<input type="checkbox"/>	First degree graduate
	<input type="checkbox"/>	MBA/MSC		
Work Experience	<input type="checkbox"/>	1- 2years	<input type="checkbox"/>	3-5years
	<input type="checkbox"/>	6-10years	<input type="checkbox"/>	More than 10years
Age	<input type="checkbox"/>	Less than 25 years old	<input type="checkbox"/>	26-34 years old
	<input type="checkbox"/>	35-44 years old	<input type="checkbox"/>	Above 45 years old

Section II Scale Questions

In this section, you are given series of statement in the affirmative. Please rank each statement by giving score using the scale given below:

1=Strongly disagree 2=Disagree 3=Neither agree nor disagree 4=Agree 5=Strongly agree

	Purpose of Performance Appraisal	5	4	3	2	1
1	Identify strength and weakness					
2	Base for reward or training					
3	Promote two way system of communication					
4	Base to determine appropriate salary					
5	Promote personal growth in the career					
	Attitude toward the rater	5	4	3	2	1
6	Appraisers lack training					
7	Appraisers gives equivalent ratings					
8	Appraisers keeps file during evaluation periods					
9	Appraisers is influenced by persons liking and disliking					
10	Appraisers frequently lets me know how I am a doing					
	Performance Appraisal Standards/criteria	5	4	3	2	1
11	Criteria are objective					
12	Criteria distinguishes of performance					
13	Criteria are relevant to job					
14	Criteria are exhaustive to appraise performance					
15	The ability of the criteria used measure their true performance					
	Fairness of the Performance Evaluation	5	4	3	2	1
16	I am evaluated based on my work.					
17	my rater gave me a fair assessment					
18	Existence of well-established appeal process whenever needed					
19	The existence of the room for challenging unfair rating					
20	The fairness and impartiality of the evaluation system					
	Performance Appraisal Feedback and communication	5	4	3	2	1
21	I can see performance appraisal result					
22	I discuss on my performance appraisal results with the appraiser					
23	I appeal to a higher officer of my organization when I perceive my performance appraisal result is un fair					

